

# CALIFORNIA HEALTH CARE ALMANAC



## California Employer Health Benefits Survey

DECEMBER 2010

# Introduction

Employer-based coverage is the leading source of health insurance in California, as well as nationally. Therefore, changes in types of insurance offerings, worker cost sharing, and benefits have major implications for millions of Californians. This report presents the highlights of the 2010 *California Employer Health Benefits Survey*. This annual survey is designed to identify changes in employer-based health benefits in the state over time.

## KEY FINDINGS FROM THE 2010 SURVEY:

- Health insurance premiums increased 8.1 percent in California in 2010 — compared to a 1.8 percent increase in overall consumer prices.
- Since 2002, premiums have increased 134.4 percent, more than five times the 25.4 percent rise in California's overall inflation rate.
- The proportion of employers offering coverage is similar to last year. However, firms that went out of business are not captured in this survey. According to the U.S. Bureau of Labor Statistics, California lost nearly 210,000 jobs from July 2009 to July 2010.
- Single-coverage premiums in California were \$5,463 annually, significantly more than the national average of \$5,049. Premiums for family coverage were \$14,396.
- California workers contributed \$725 annually for single coverage in 2010, and \$3,632 for family coverage. The contribution for single coverage is less than for workers nationally (\$899), but increased from 12 percent of the premium in 2009 to 15 percent this year.
- Enrollment in plans with a deductible of \$1,000 or more for single coverage has increased significantly for California workers in small firms, now at 27 percent, up from 7 percent in 2006.
- Twenty-eight percent of California firms either reduced benefits or increased cost sharing for employees as a result of the economic downturn in 2010, up considerably from the 15 percent who did so in 2009.
- Cost sharing may continue to increase for California workers. Just under half of large firms (200 or more workers) are “very” or “somewhat” likely to increase the amount workers pay for coinsurance or copayments in the next year. Sixty-eight percent are “very” or “somewhat” likely to raise the amount workers pay toward premiums.
- Four percent of California firms indicated they are “very likely” to drop coverage entirely in the next year. In 2008, only 1 percent of firms said this.

## CONTENTS

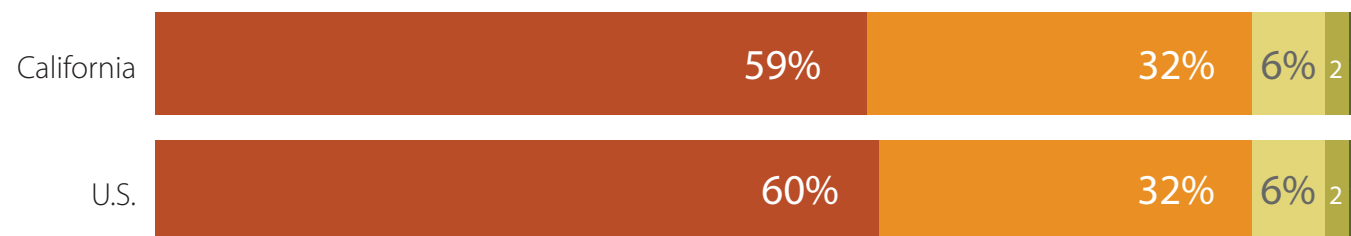
Overview .....	3
Coverage Availability .....	4
Cost of Health Insurance.....	9
Benefits and Cost Sharing .....	18
Plan Enrollment and Choice .....	30
Employer Views and Practices .....	35
Methodology.....	43

# Employers, Workers, and Covered Workers, by Firm Size, California vs. the United States, 2010

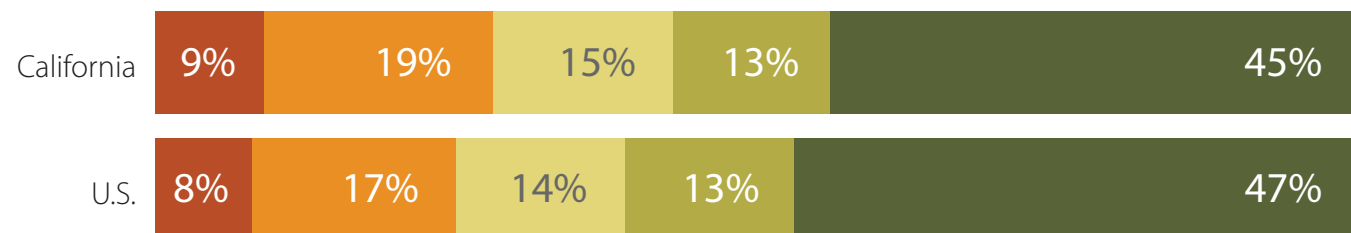
## NUMBER OF WORKERS

3 to 9    10 to 49    50 to 199    200 to 999    1,000 or more

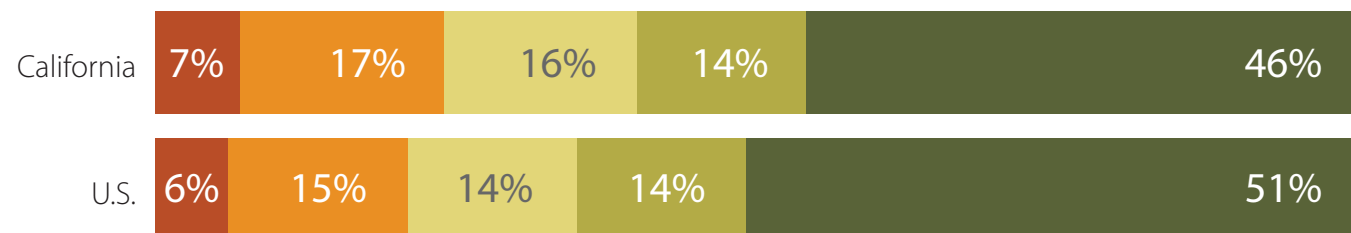
### Employers



### Workers



### Covered Workers

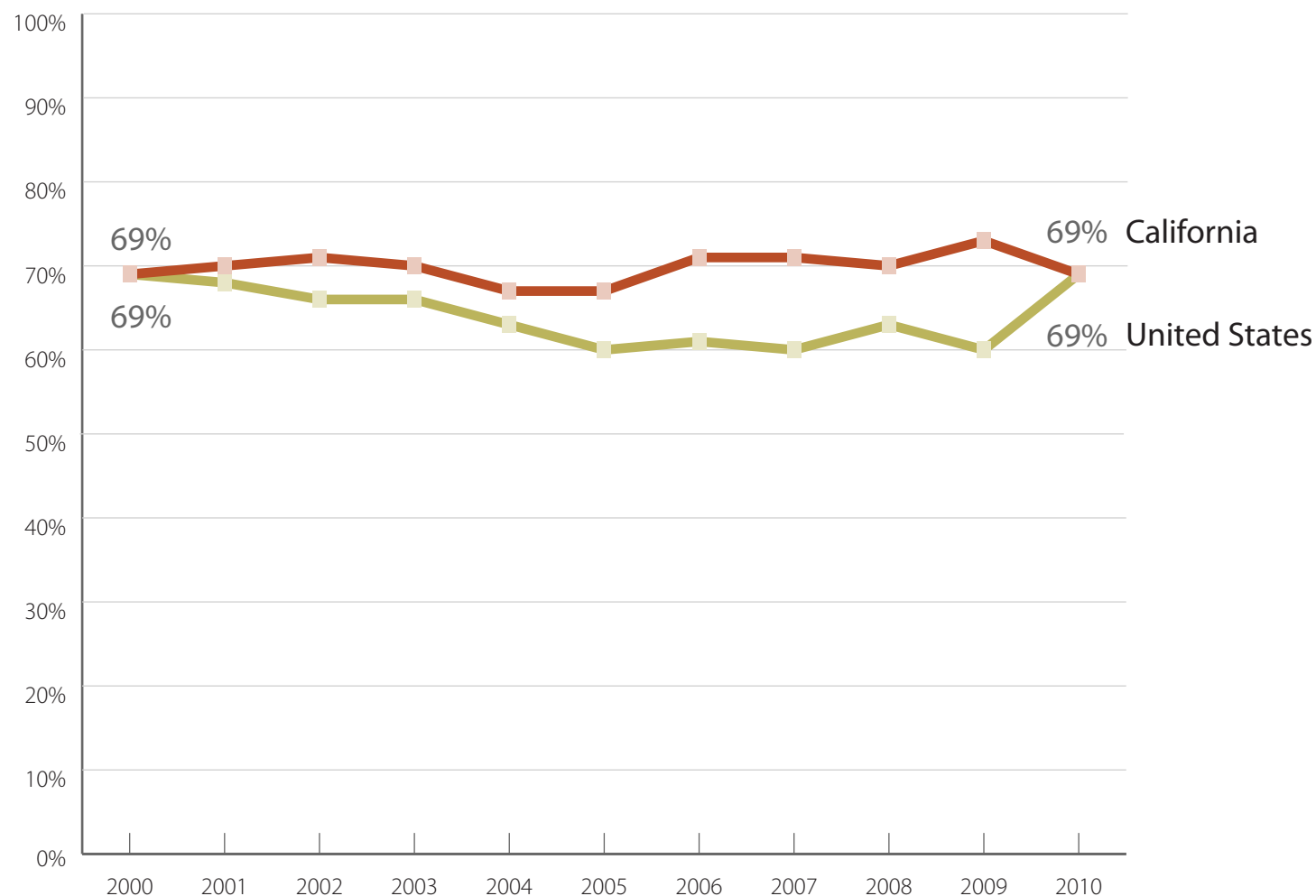


Note: In this report, numbers may not add up to 100 percent due to rounding.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Author calculation of data from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

Ninety-one percent of California firms had three to 49 workers in 2010. However, employees in small firms represented just 28 percent of all workers and 24 percent of covered workers.

# Employers Offering Coverage, California vs. the United States, 2000 – 2010



Sixty-nine percent of California employers offered coverage in 2010, identical to the national rate. In recent years, the offer rate in California has remained statistically unchanged.

Note: Tests found no statistically different estimates from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2010. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000–2010.

# Employers Offering Coverage, by Firm Characteristics, California, 2010

All Firms



Lower-Wage Firms\*



Higher-Wage Firms\*



Many Part-Time Workers\*



Fewer Part-Time Workers\*



At Least Some Union Workers\*



No Union Workers\*



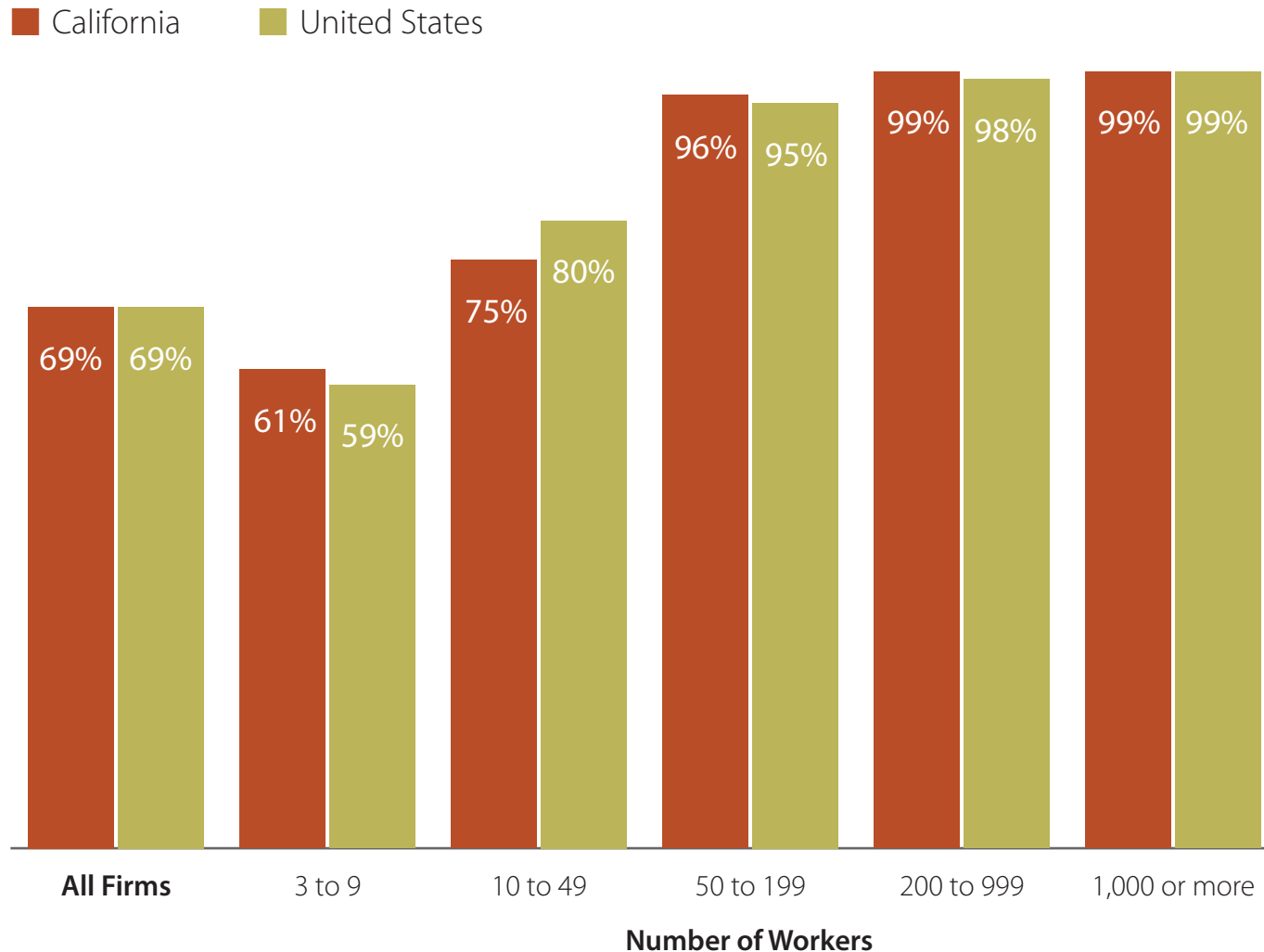
\*Statistical difference from all other firms.

Notes: "Lower-Wage Firms" are defined as 35+ percent of the workforce earning \$23,000 or less per year. "Many Part-Time Workers" are defined as 35+ percent of the workforce working part-time, according to employer definition.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

The probability of employers offering coverage varied widely by firm characteristics. Only 40 percent of lower-wage firms offered health benefits in 2010, versus 77 percent of higher-wage firms.

# Employers Offering Coverage, by Firm Size, California vs. the United States, 2010



## California Employer Health Benefits

### Coverage Availability

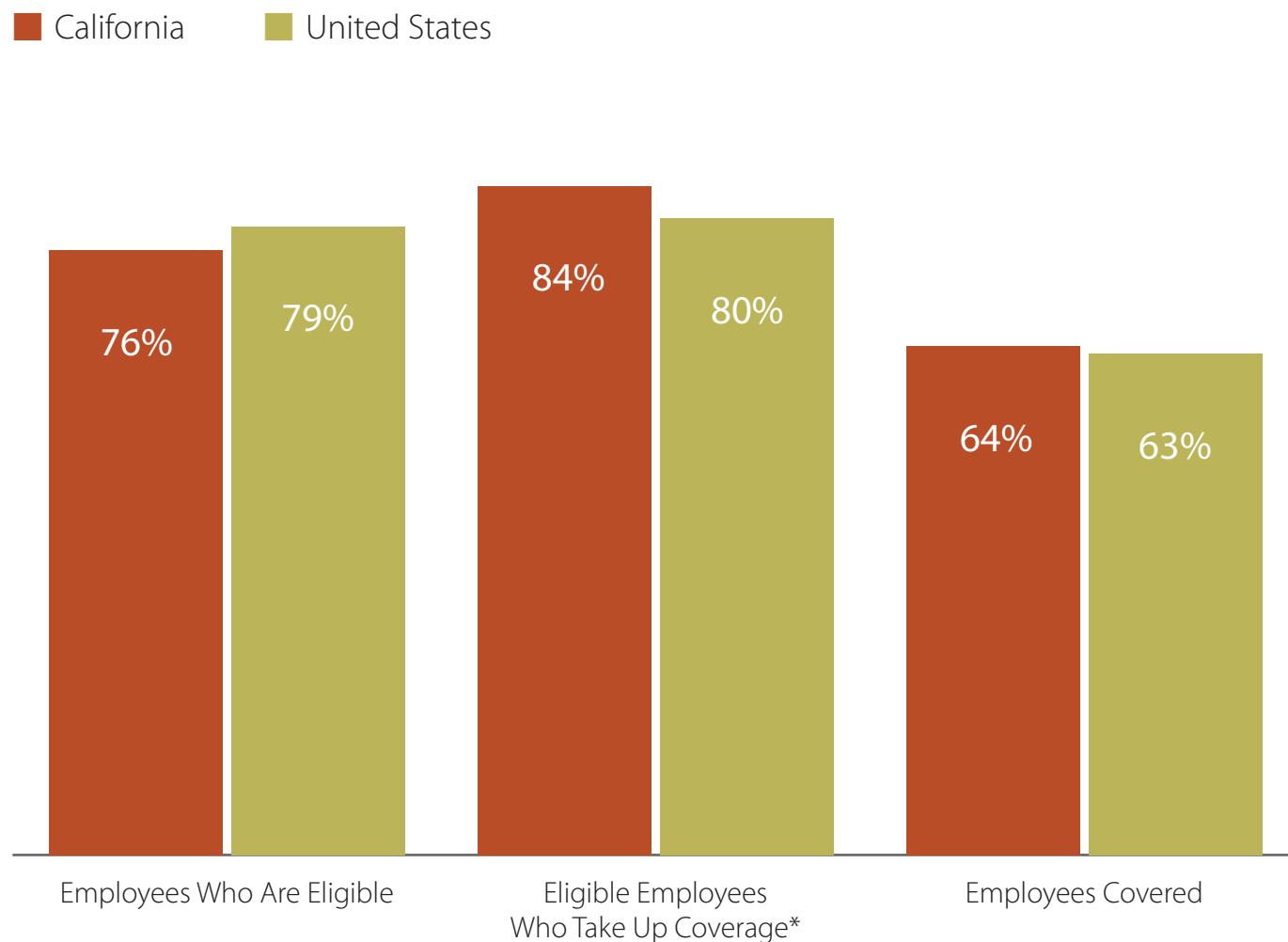
[<< RETURN TO CONTENTS](#)

Sixty-one percent of California's smaller firms (3 to 9 workers) provided coverage in 2010, similar to the national figure. Offer rates for other firm sizes were also generally comparable in California and the nation.

Note: Tests found no statistically different estimates from all other firms.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Author calculation of data from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010

# Employee Eligibility, Take-Up Rates, and Coverage, California vs. the United States, 2010

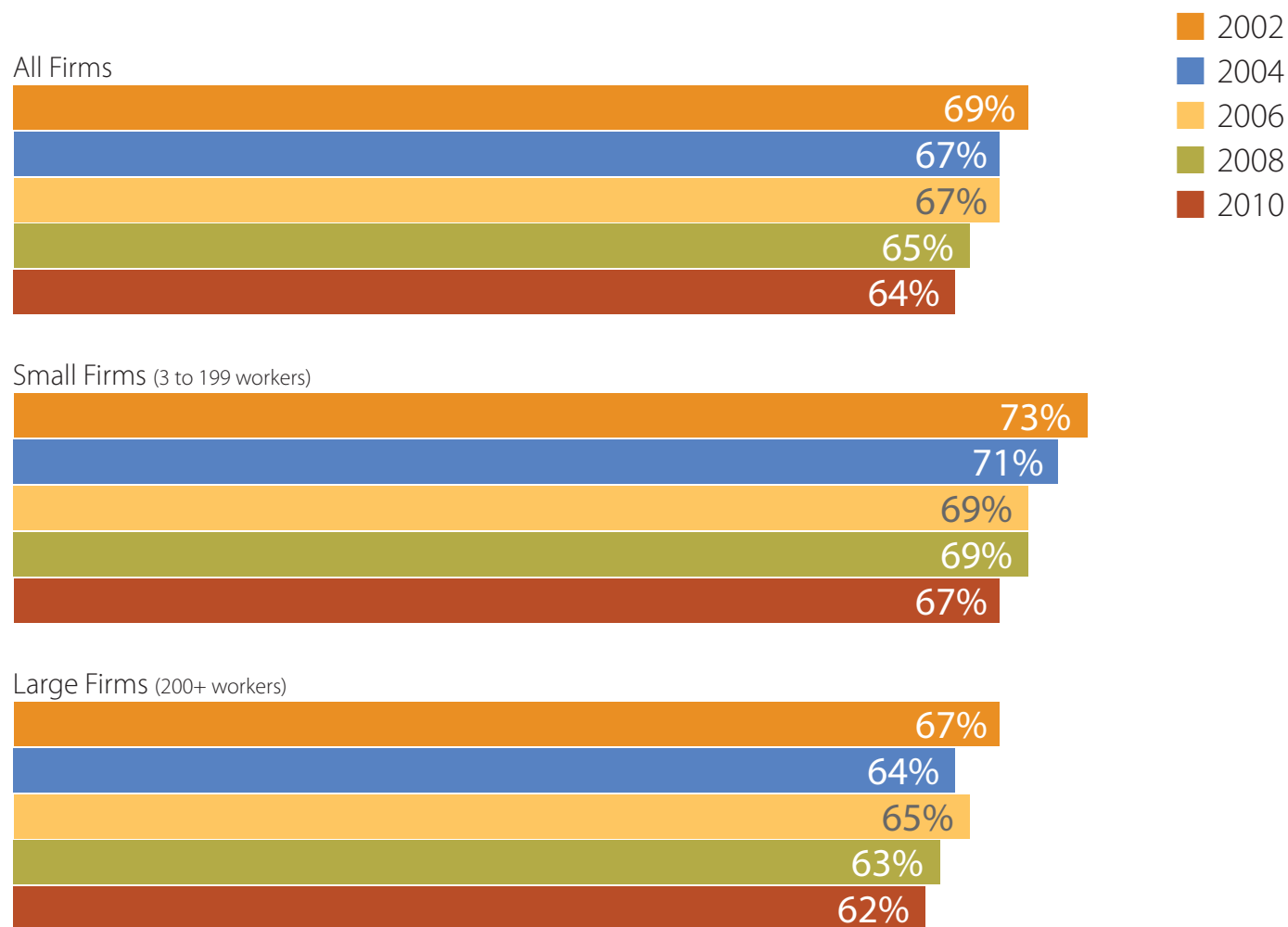


Seventy-six percent of California employees working in firms offering coverage were eligible for health benefits, and 84 percent of those elected to enroll. Sixty-four percent received coverage from their firm.

\*Estimates are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

# Worker Coverage Rates, Among Offering Firms, by Firm Size, California, 2002–2010



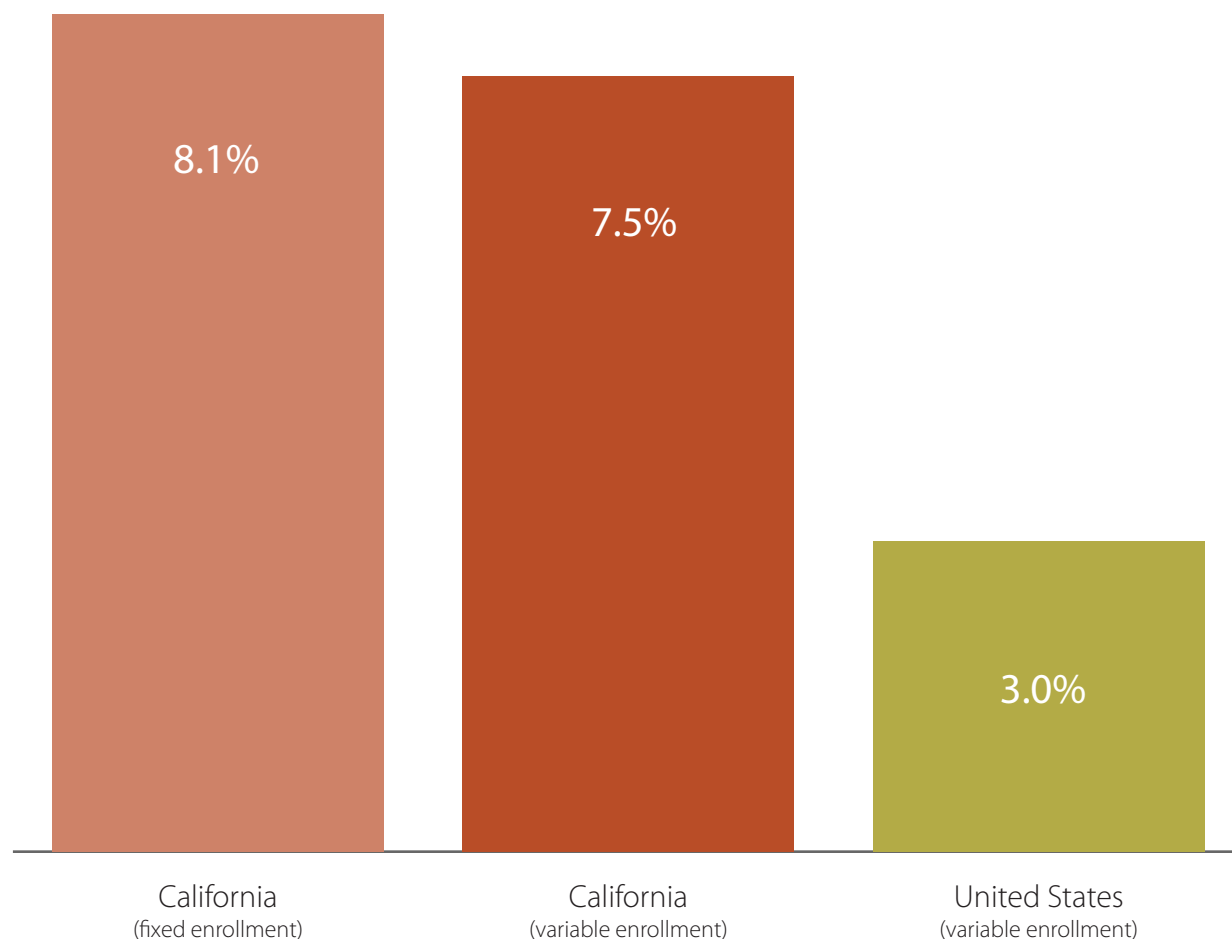
Insurance coverage rates have been trending downward since 2002, although the year-to-year changes are not statistically significant.

Note: Tests found no statistically different estimates from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HSC California Employer Health Benefits Survey: 2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002, 2004.



## Average Increases in Premiums, Family Coverage, by Product Enrollment Status, California vs. the United States, 2010

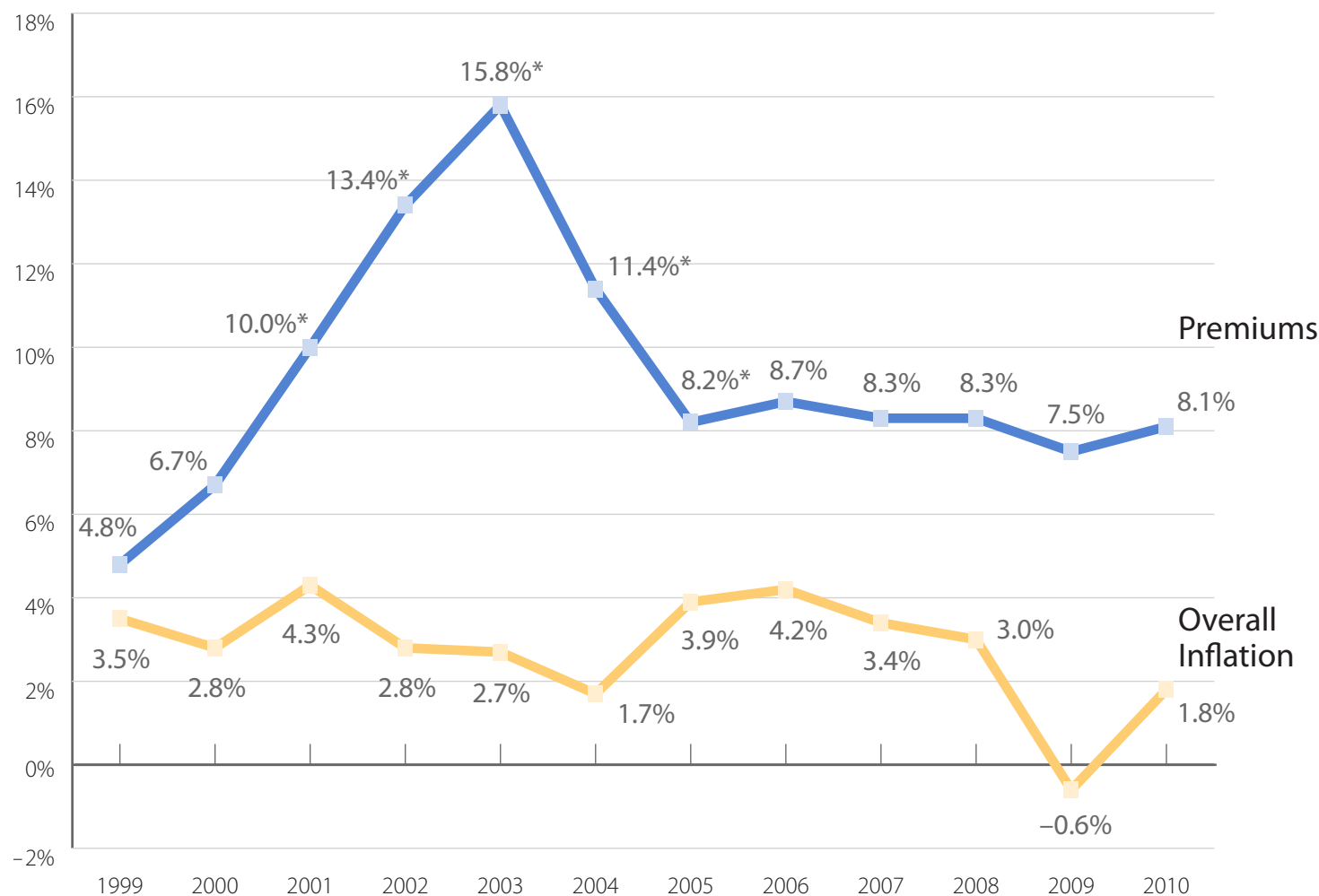


Among California firms that offered the same health plan or plans in 2009 and 2010 (fixed enrollment), the average premium increase for those plans was 8.1 percent.

When the calculation includes California firms that changed plans or had workers who switched plans (variable enrollment), the average premium increase was 7.5 percent.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

# Premium Increases Compared to Inflation, California, 1999–2010

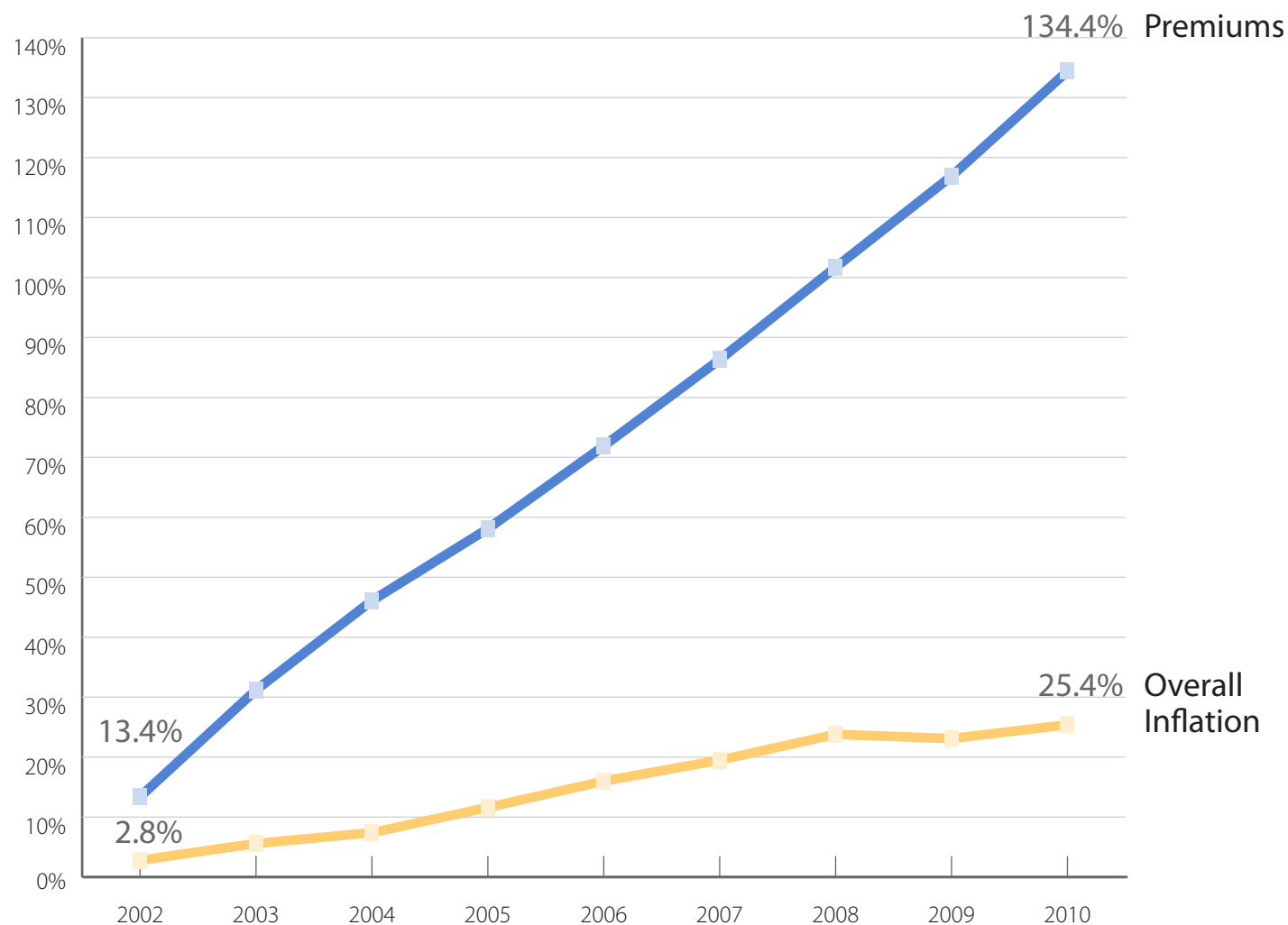


\*Statistical difference from the previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2010. CHCF/HSC California Employer Health Benefits Survey: 2005–2006; CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 1999–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 1999–2010.

Health insurance premiums in California grew by 8.1 percent in 2010, statistically unchanged in recent years. Premiums continue to rise much faster than the overall California inflation rate.

# Cumulative Premium Increases Compared to Inflation, California, 2002–2010

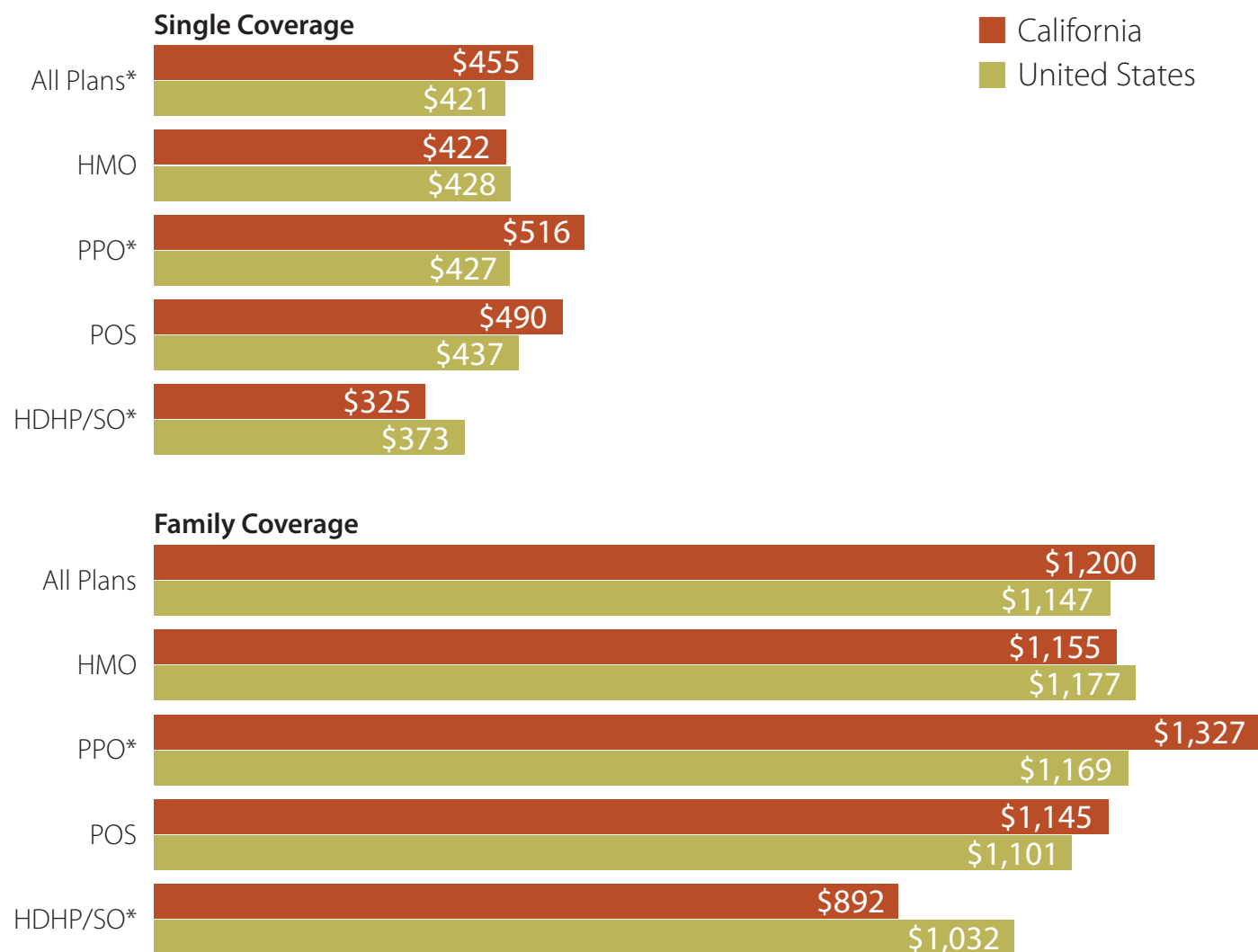


Since 2002, health insurance premiums in California have increased by 134.4 percent, more than five times the 25.4 percent increase in California's overall inflation rate.

Note: Some figures reported in prior surveys have been updated to reflect an improved degree of precision in the underlying calculations.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2010. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 2002–2010.

# Average Monthly Premiums, by Plan Type, California vs. the United States, 2010



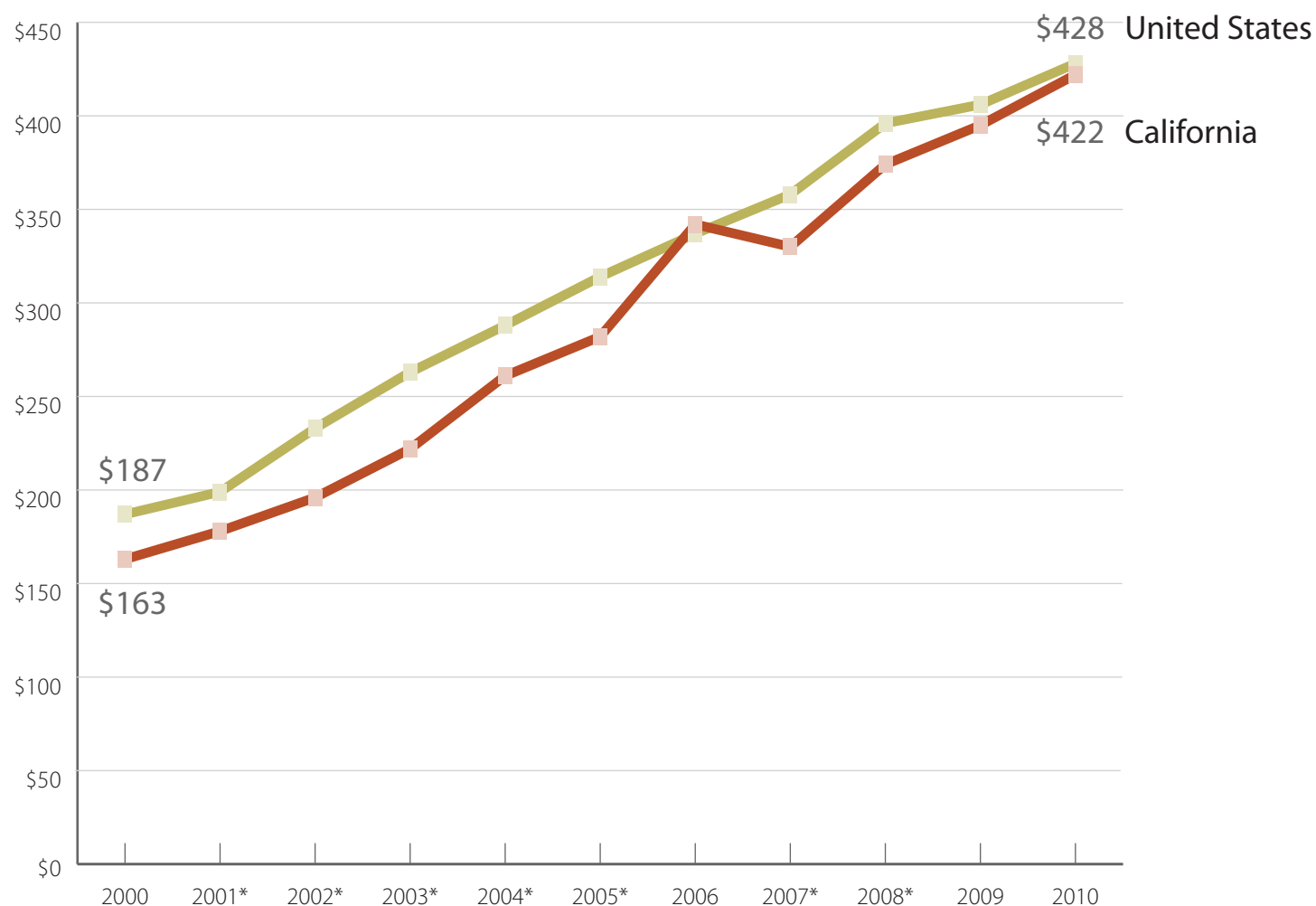
\*Statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

Premiums for single coverage in California were higher than those for single coverage nationally.

California PPOs were more costly for both single and family coverage than in the nation as a whole.

# Average Monthly HMO Premiums, Single Coverage, California vs. the United States, 2000–2010



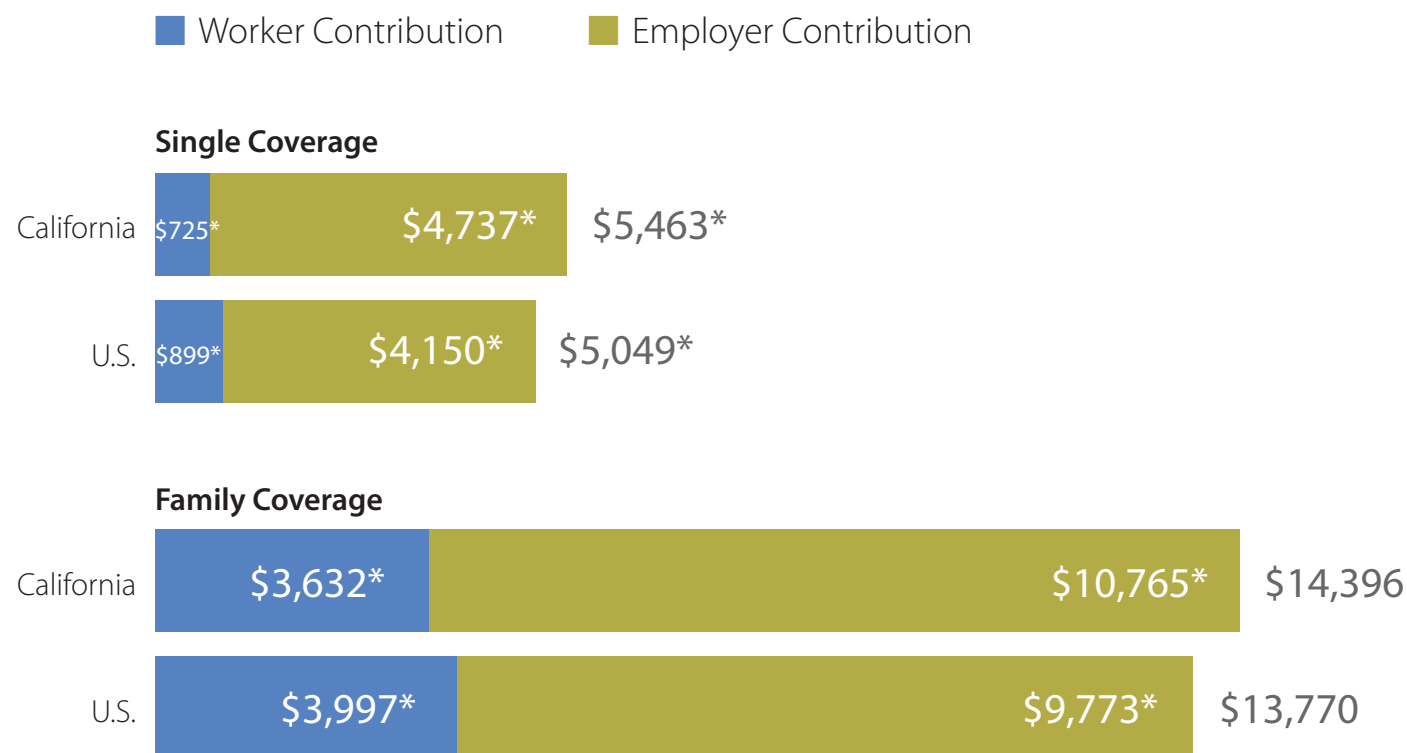
\*Statistical difference between California and the United States.

Note: Annual rate of change for HMO single premiums should not be calculated by comparing dollar values from one year with the previous year, due to both the survey's sampling design and the way in which plan information is collected. Rates of change in family premiums are collected directly as a question in the survey (no change data for single premiums are collected).

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2010. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Employer Health Benefits Survey: 2000–2010.

The gap between California and national monthly HMO premiums for single coverage continued to narrow between 2009 and 2010.

# Annual Worker and Employer Premium Contributions, California vs. the United States, 2010



California workers contributed an average of \$725 annually for single coverage and \$3,632 for family coverage in 2010—compared to \$564 and \$3,398 in 2009 (not shown). Workers contributed significantly less for both single and family coverage than workers nationally.

\*Statistical difference between California and the United States.

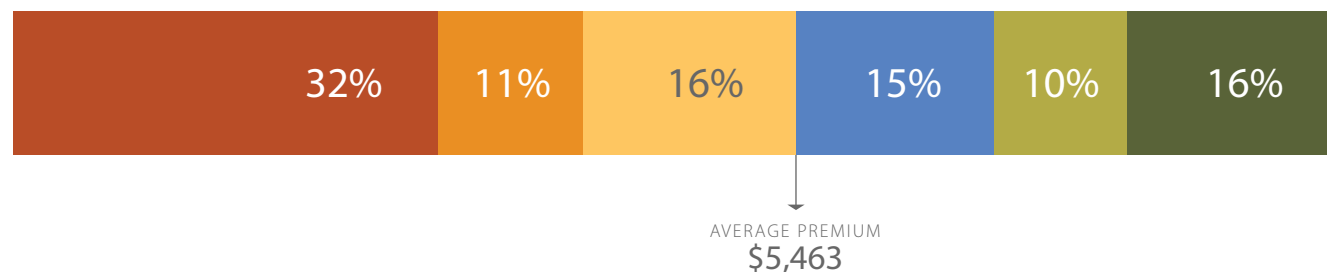
Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

# Annual Premiums Compared to Average, by Type of Coverage, California, 2010

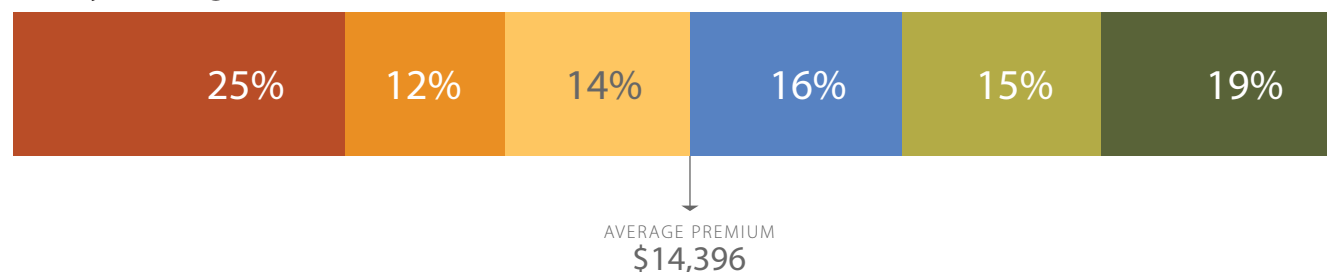
## PREMIUM AS A PERCENTAGE OF THE AVERAGE

■ < 80%   ■ 80–89%   ■ 90–99%   ■ 100–110%   ■ 111–120%   ■ > 120%

### Single Coverage



### Family Coverage



Fifty-nine percent of covered workers were in firms that paid less than the average annual premium of \$5,463 for single coverage in 2010. In contrast, 16 percent were in firms paying premiums greater than 120 percent of the average.

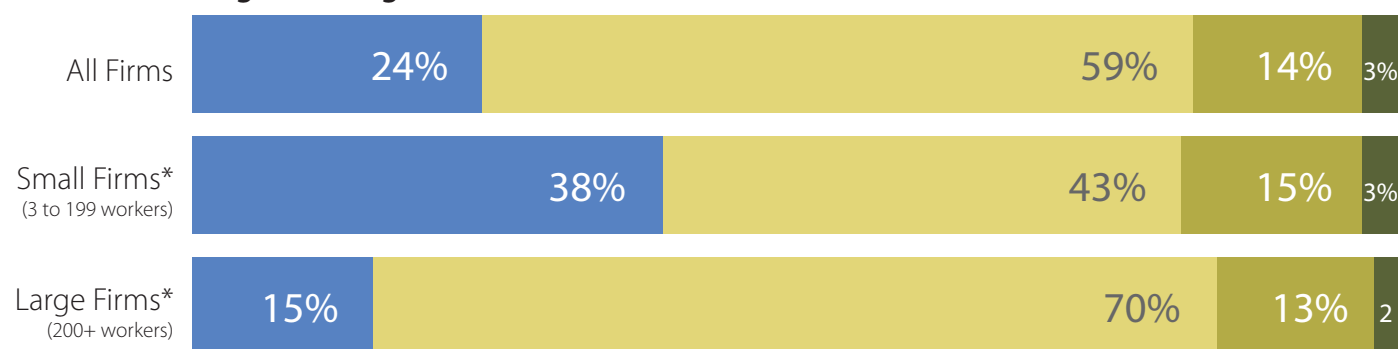
Note: Segments may not add to 100 percent due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

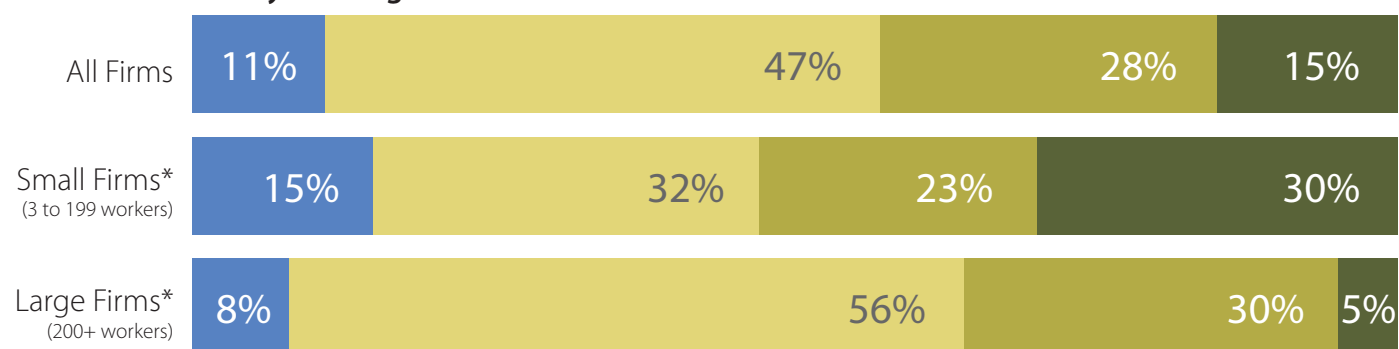
# Worker Share of Premium, by Firm Size, California, 2010

■ No Contribution   ■ 1–25%   ■ 26–50%   ■ 51%+

## Single Coverage



## Family Coverage



\*Statistical difference from all other firms.

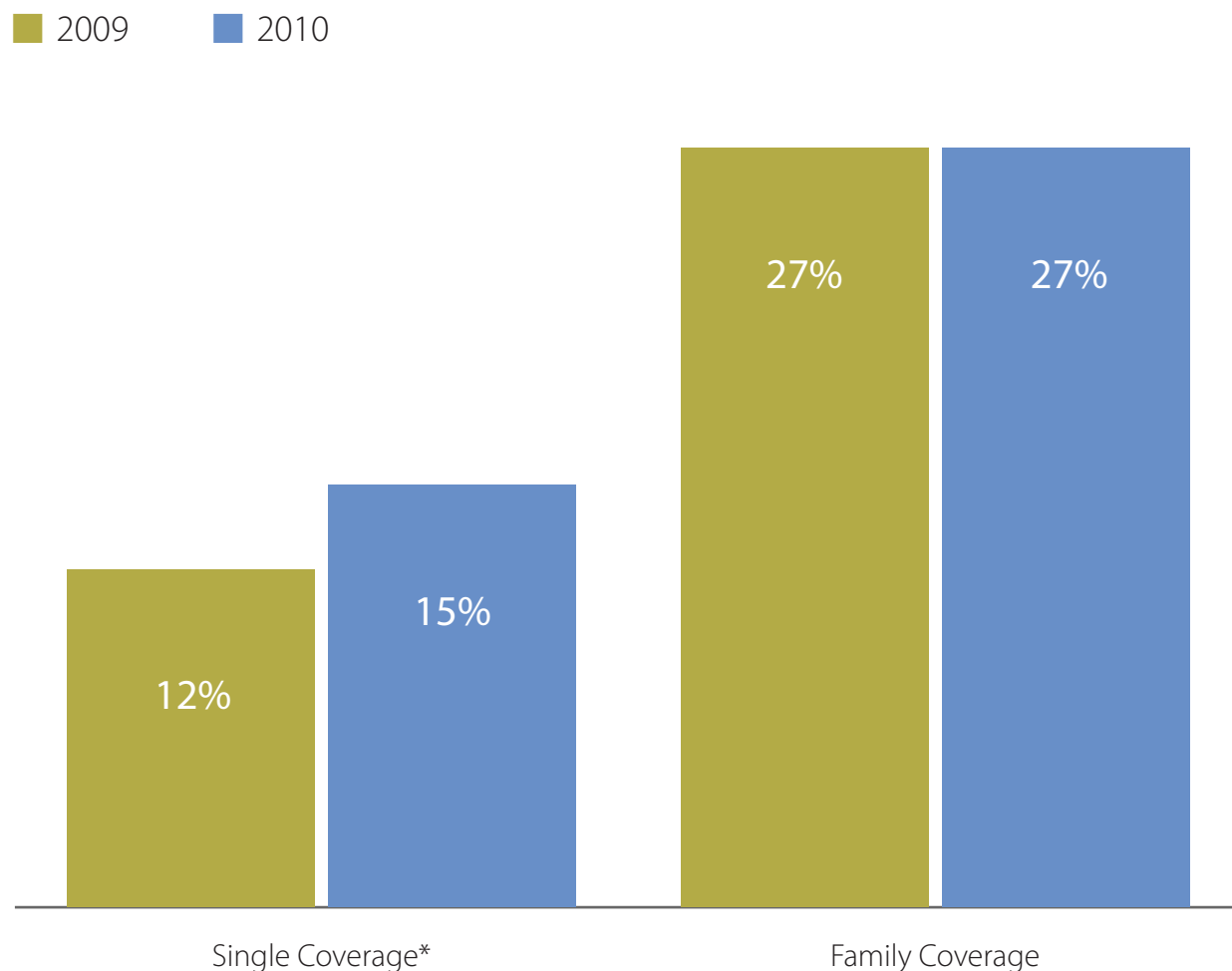
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

Twenty-four percent of covered California employees worked for firms that paid the full premium for single coverage.

Employees of small firms were more likely to pay at least half of the family premium than workers in large firms.



# Worker Share of Premium, Single and Family Coverage, California, 2009 and 2010



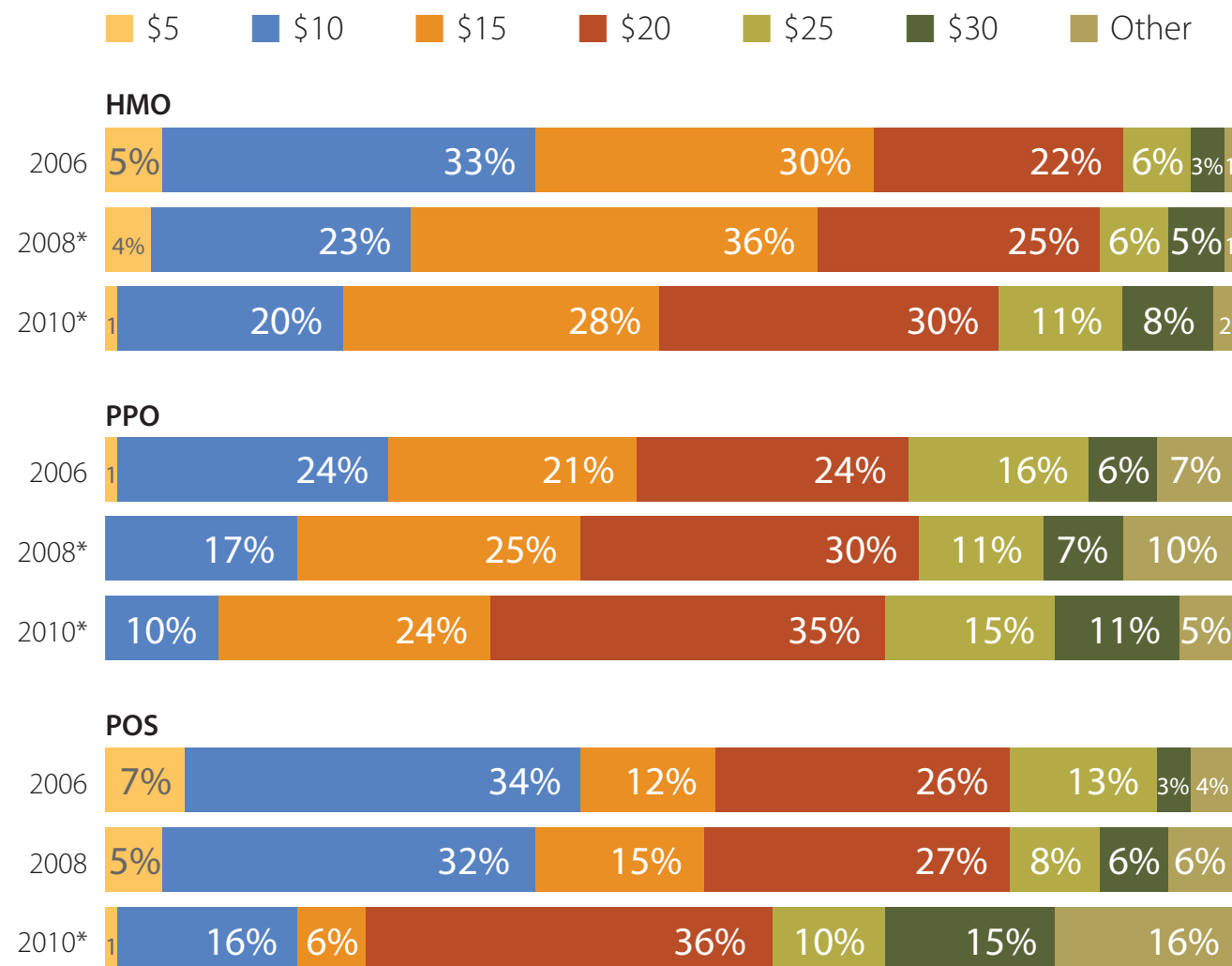
\*Statistical difference from previous year shown.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009 and 2010.

Covered California workers paid an average of 15 percent of the total premium for single coverage in 2010, up significantly from 12 percent in 2009. Their annual premium contributions went from \$564 to \$725.

# Workers with Specified Office Visit Copayments, by Plan Type, California, 2006–2010, Selected Years

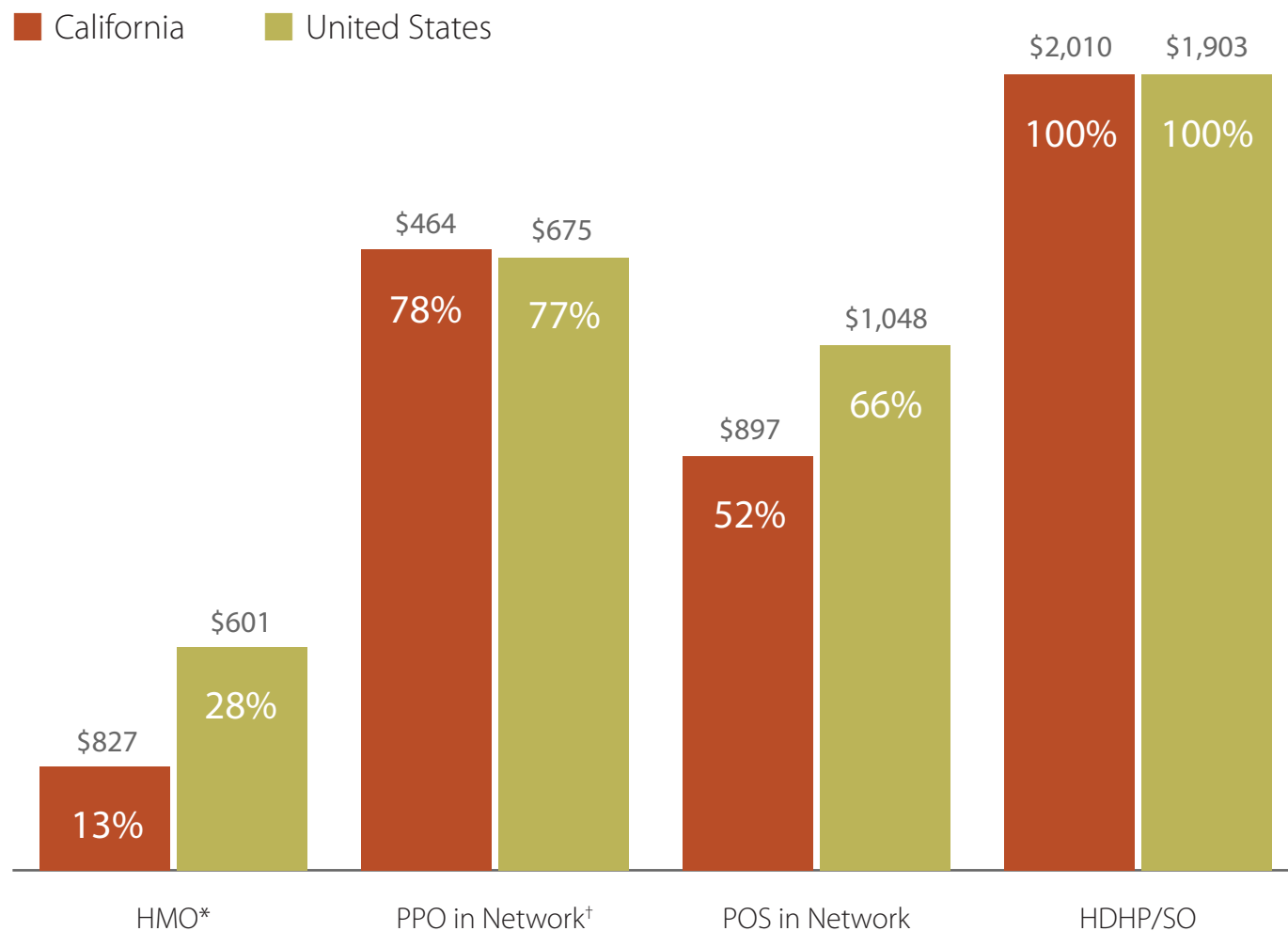
Copayments for office visits increased substantially for all types of plans from 2006 to 2010, with \$20 now the most common amount.



\*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HSC California Employer Health Benefits Survey: 2006.

# Workers with Annual Deductible, Single Coverage, by Plan Type, California vs. the United States, 2010



PPO members were much more likely to have an annual deductible than workers in HMOs or POS plans in 2010.

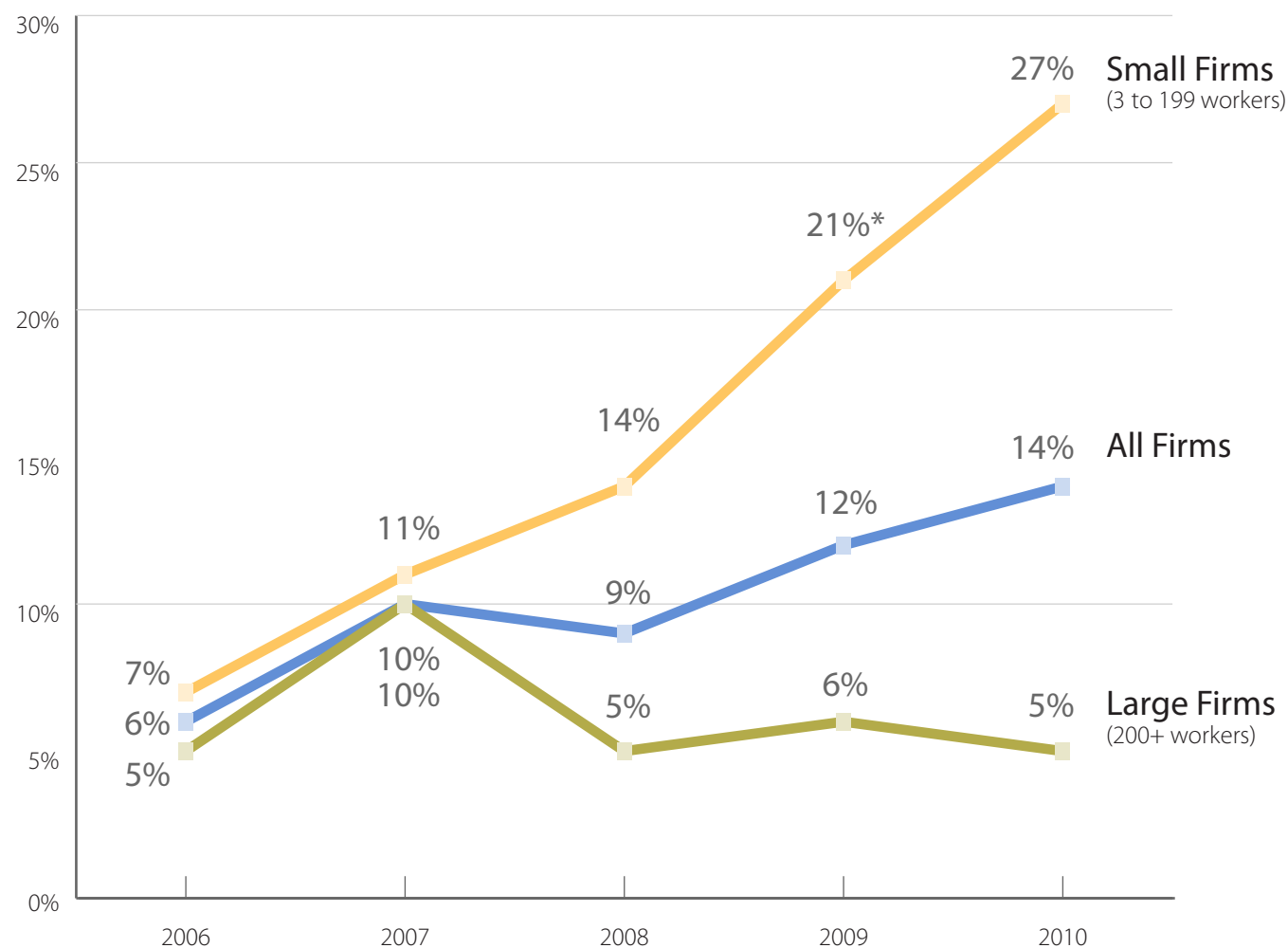
Deductibles averaged \$464 for PPO single coverage in California, versus \$675 in the nation.

\*Estimated percentages are statistically different between California and the United States.

†Estimated deductibles are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

# Workers with a Large Deductible (\$1,000+), Single Coverage, by Firm Size, California, 2006–2010

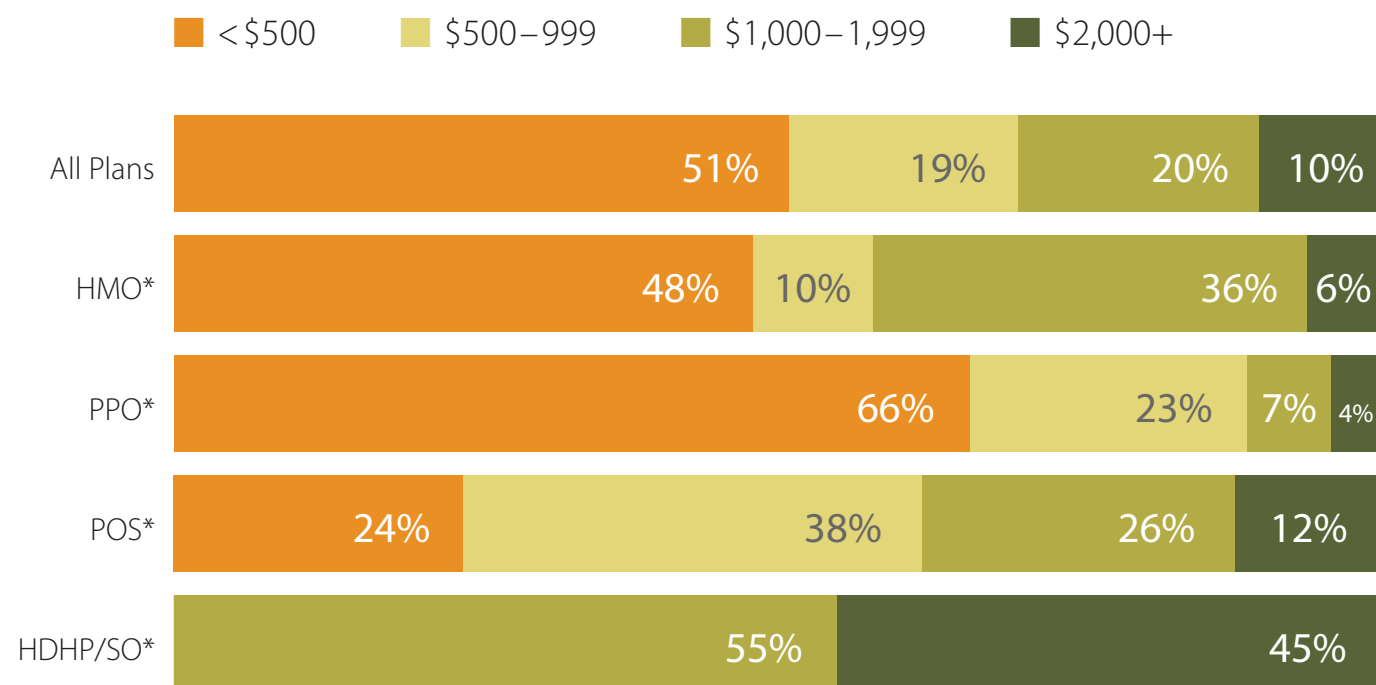


More than a quarter of covered California workers in small firms had a deductible of \$1,000 or more for single coverage in 2010, compared with just 7 percent in 2006. In large firms, only 5 percent of covered workers had a deductible of \$1,000 or more.

\*Statistical difference from previous year shown by firm size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2010. CHCF/HSC California Employer Health Benefits Survey: 2006.

# Workers with Deductible for Single Coverage, by Plan Type, California, 2010



Among California workers with a deductible for single coverage, half had a deductible of less than \$500, while 30 percent had a deductible of \$1,000 or more.

\*Statistical difference from All Plans.

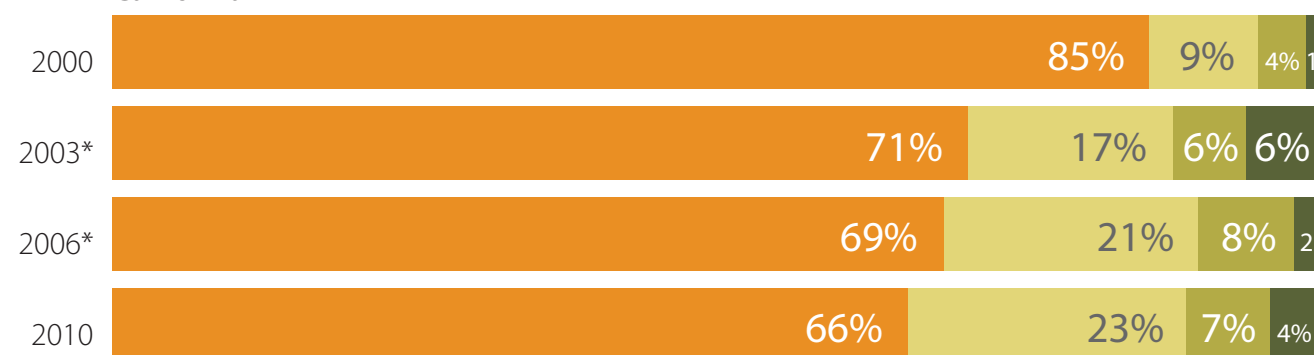
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Deductible for Single PPO Coverage, California vs. the United States, 2000–2010, Selected Years

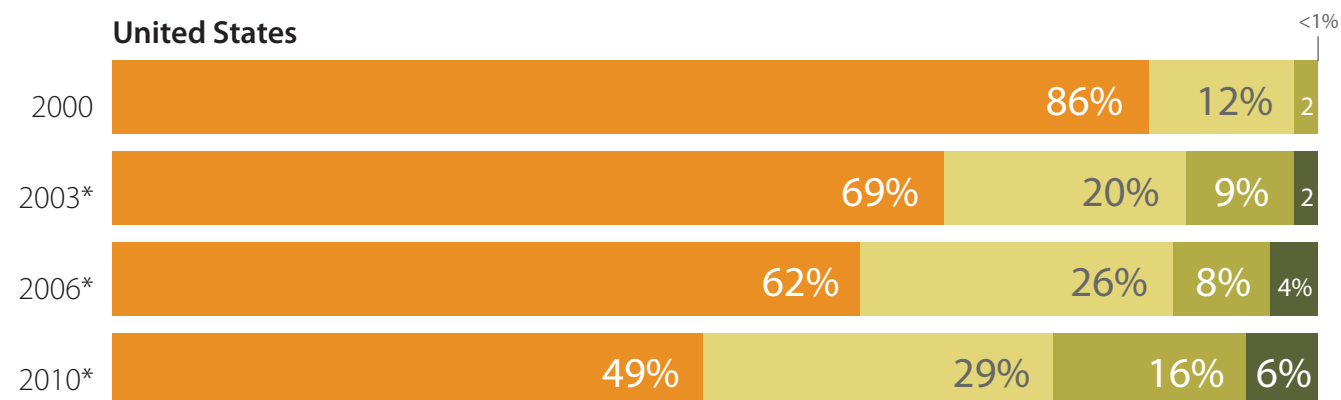
PERCENTAGE OF WORKERS WITH SPECIFIED DEDUCTIBLE RANGES

■ <\$500    
 ■ \$500–999    
 ■ \$1,000–1,999    
 ■ \$2,000+

## California



## United States



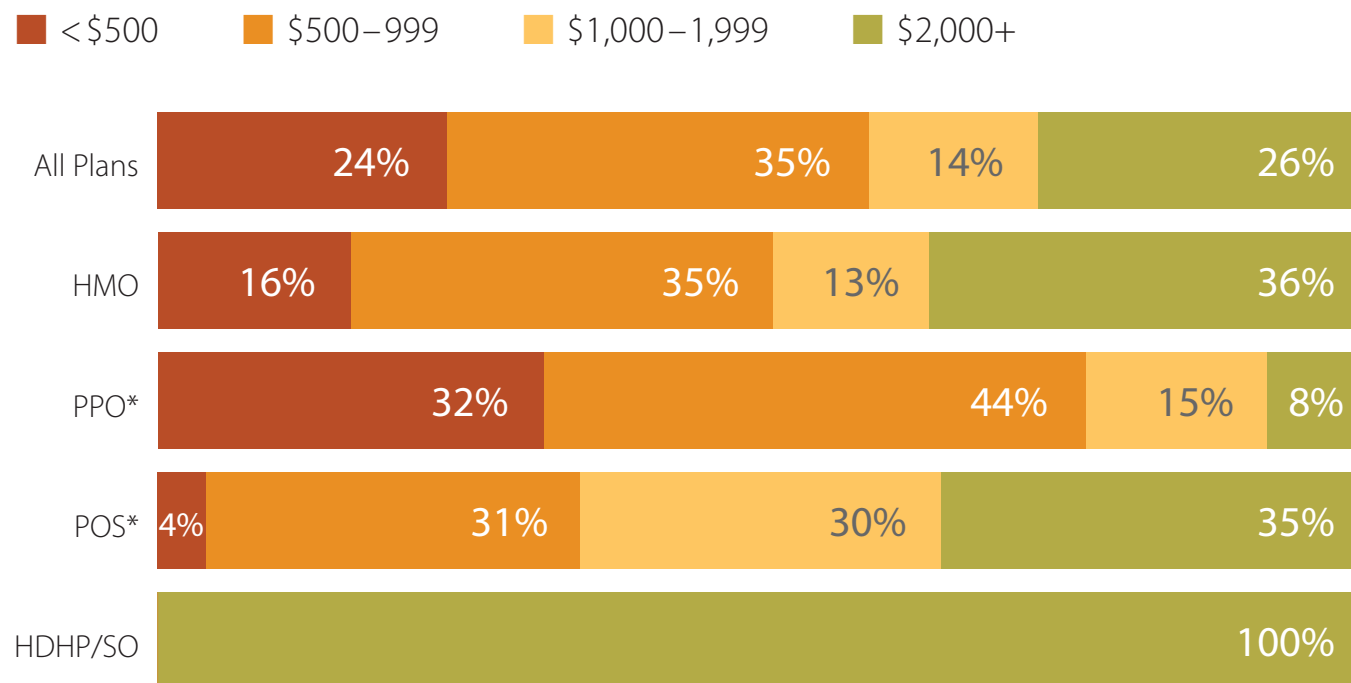
\*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2010. CHCF/HSC California Employer Health Benefits Survey: 2006. Kaiser/HRET California Employer Health Benefits Survey: 2000, 2003. Kaiser/HRET Employer Health Benefits Survey: 2000, 2003, 2006, 2010.

Since 2000, California workers have experienced significant increases in deductibles for PPO coverage.

# Deductible for Family Coverage, by Plan Type, California, 2010

AMONG WORKERS WITH AN AGGREGATE DEDUCTIBLE, PERCENTAGE WITH SPECIFIED DEDUCTIBLE RANGES



Among California workers with an aggregate family deductible, 59 percent had a deductible of less than \$1,000 for family coverage, while 26 percent had a deductible of \$2,000 or more.

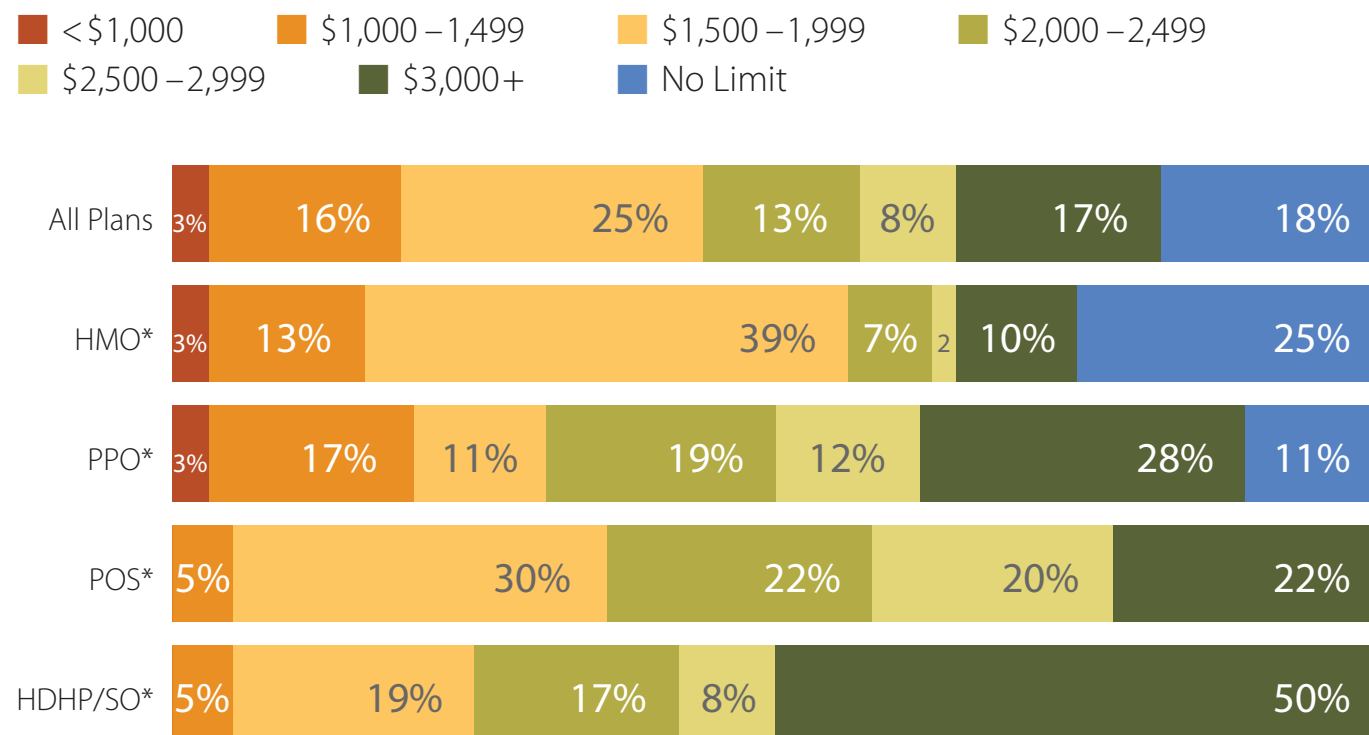
\*Statistical difference from All Plans. No test was done comparing HDHP/SO with all plans.

Notes: An aggregate deductible counts all family members' out-of-pocket expenses toward the deductible limit. Separate deductibles count each family member's expenses separately toward per-person limits.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Annual Out-of-Pocket Limits, Single Coverage, by Plan Type, California, 2010

## PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



The large majority of covered workers (82 percent) with single coverage had an annual out-of-pocket limit. However, 17 percent had a limit of \$3,000 or more.

Half of those in a high-deductible health plan with a savings option (HDHP/SO) had a limit of \$3,000 or more.

\*Statistical difference from All Plans.

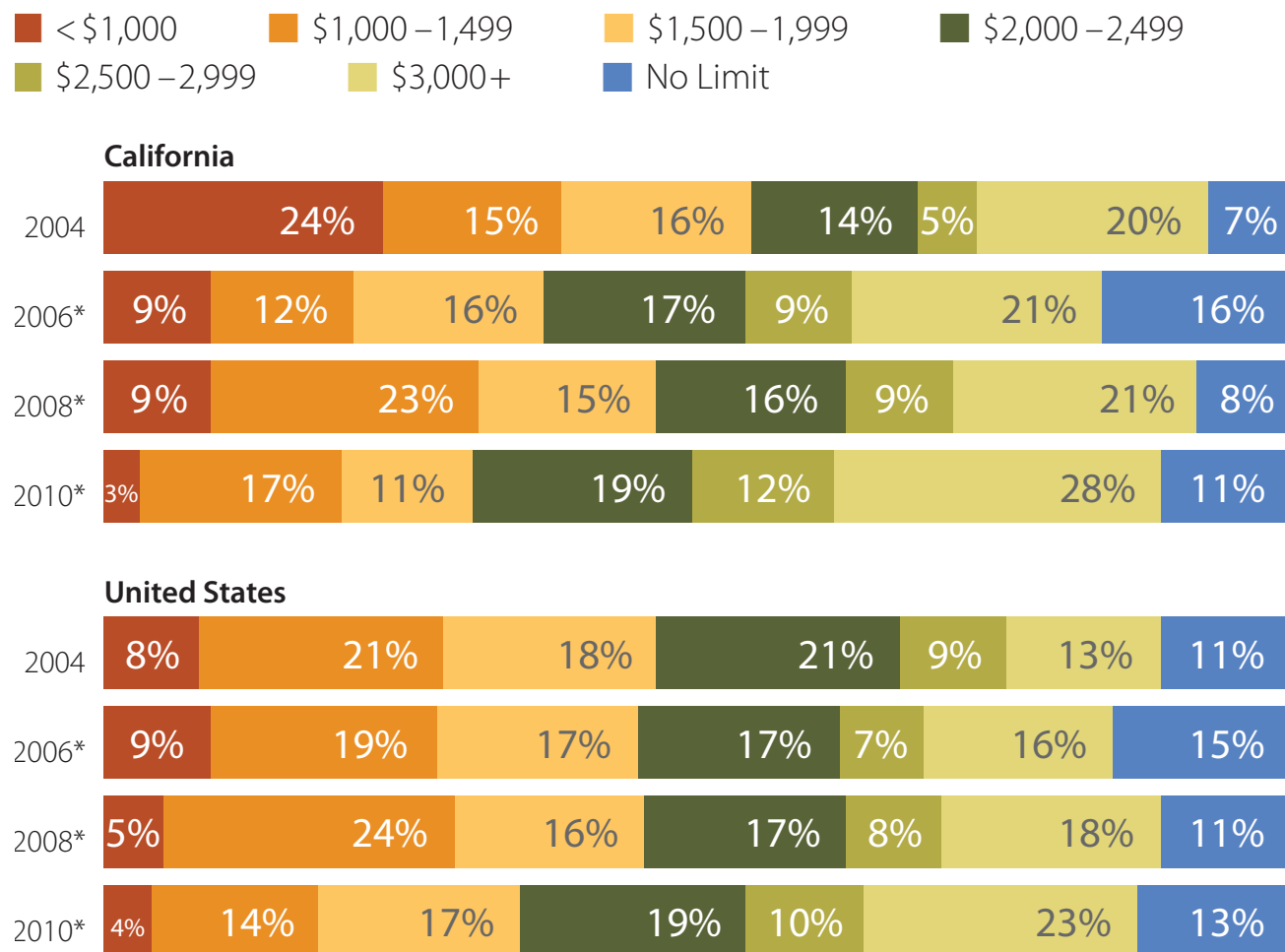
Note: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.



# Annual Out-of-Pocket Limits, Single PPO Coverage, California vs. the United States, 2004–2010, Selected Years

## PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



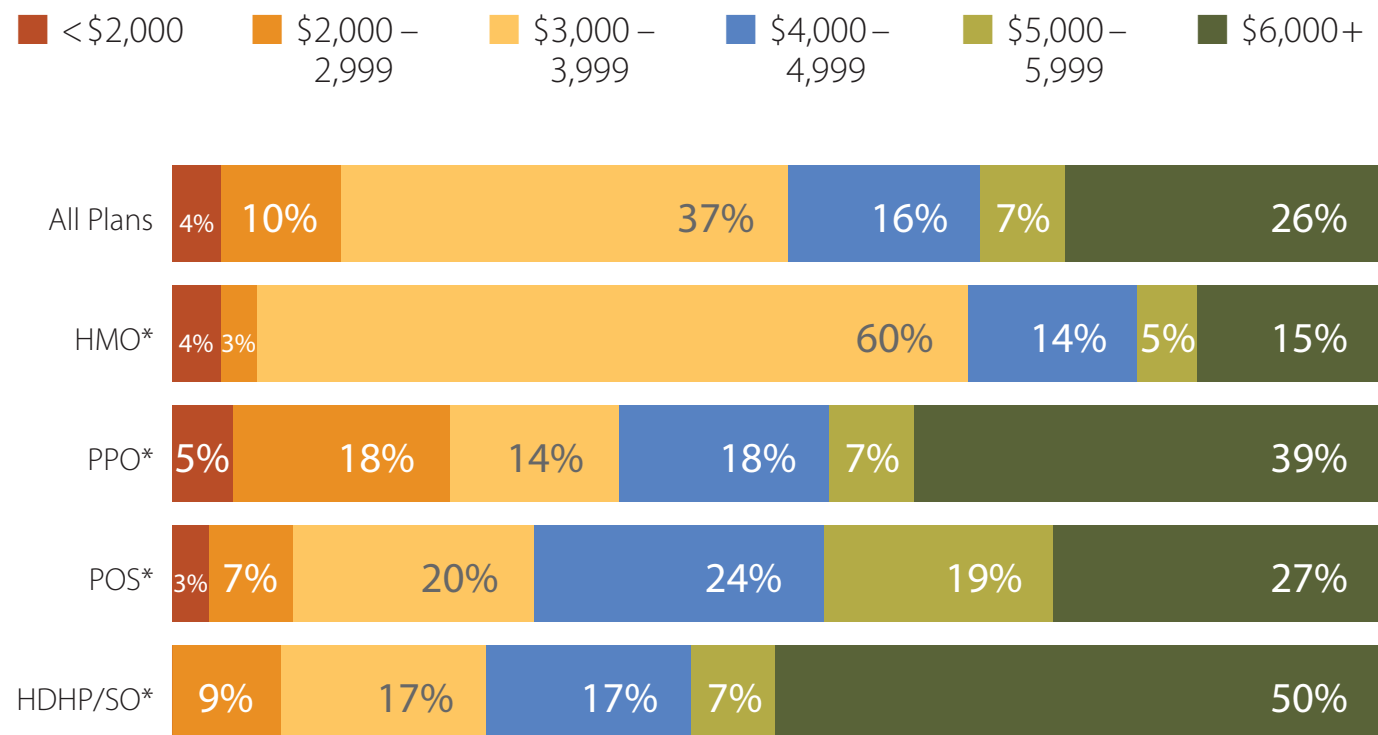
\*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HRET California Employer Health Benefits Survey: 2004. CHCF/HSC California Employer Health Benefits Survey: 2006. Author calculation of data from Kaiser/HRET Employer Health Benefits Survey, 2004, 2006, 2008, 2010.

The proportion of California workers in PPOs with an out-of-pocket limit of less than \$1,500 decreased from 39 percent in 2004 to 20 percent in 2010.

# Annual Out-of-Pocket Limits, Family Coverage, by Plan Type, California, 2010

AMONG WORKERS WITH AGGREGATE LIMIT, PERCENTAGE WITH SPECIFIED RANGES



Only 4 percent of covered workers in California with an aggregate out-of-pocket limit for family coverage had an annual limit less than \$2,000.

Thirty-three percent of workers with family coverage had a limit of \$5,000 or more, compared with 21 percent in 2009 (not shown).

\*Statistical difference from All Plans.

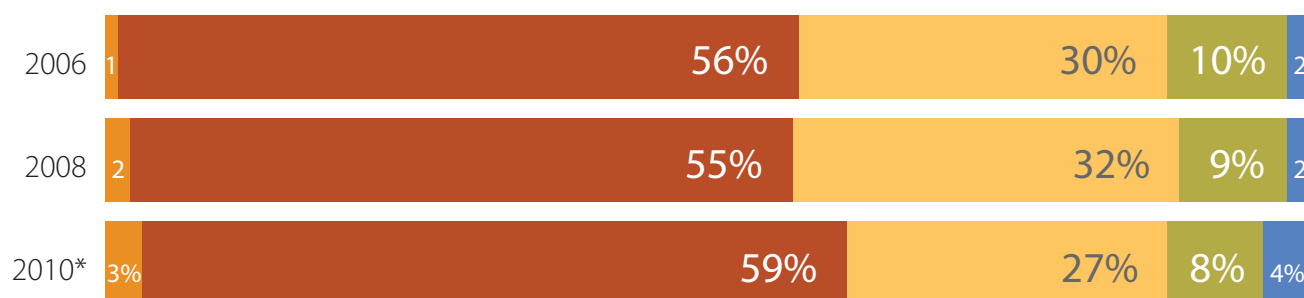
Note: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Workers' Cost Sharing for Prescriptions, California vs. the United States, 2006 – 2010, Selected Years

- **Four-Tier** (three-tier plus a fourth tier for lifestyle or other specified drugs)
- **Three-Tier** (one payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs)
- **Two-Tier** (one payment for generic drugs and another for name brand)
- **One-Tier** (cost sharing the same regardless of drug type)
- **Other**

## California



## United States



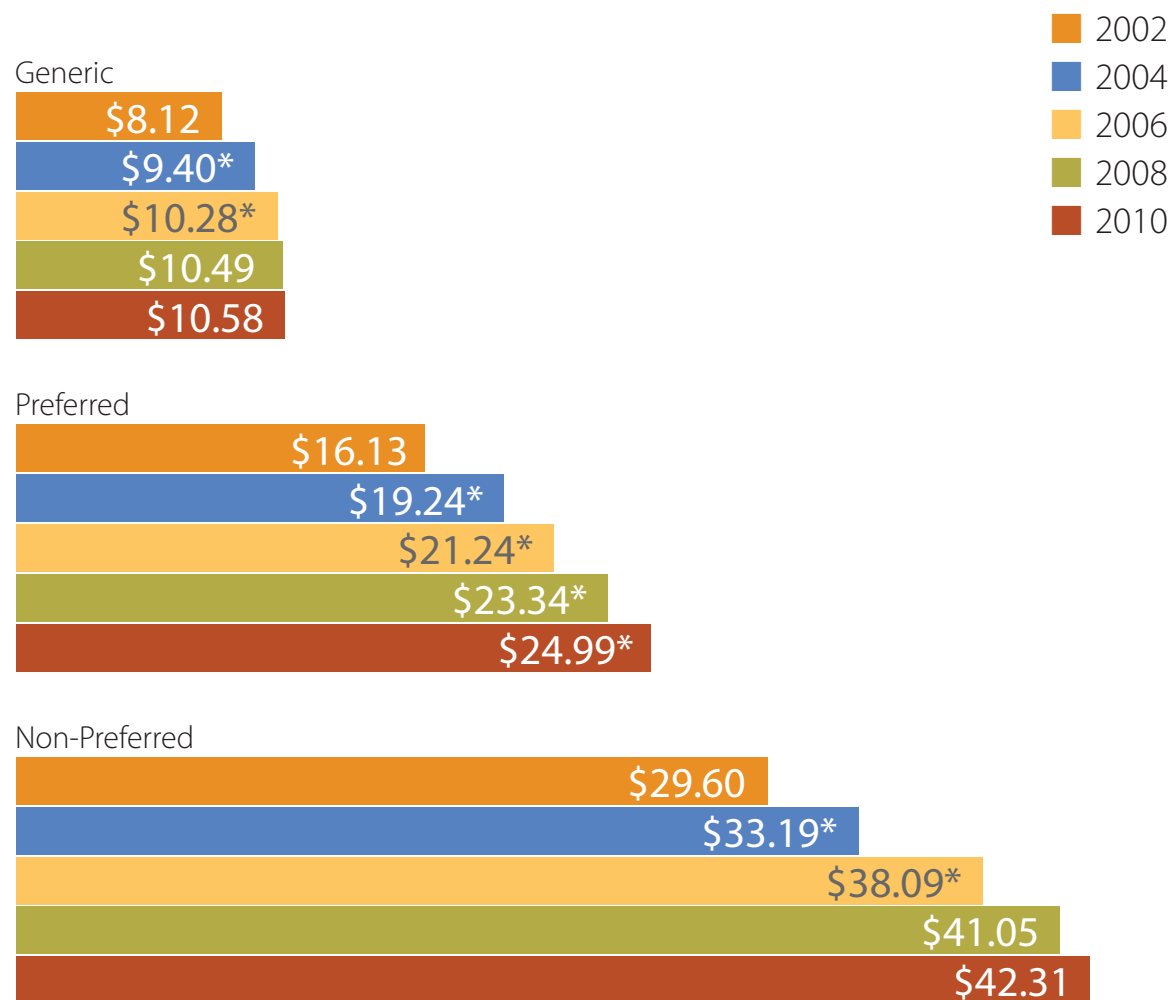
\*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HSC California Employer Health Benefits Survey: 2006.

Author calculation of data from the Kaiser/HRET Employer Health Benefits Survey: 2006, 2008, 2010.

In 2010, 62 percent of covered California workers had a three- or four-tier cost-sharing formula for prescription drugs. Nationally, more than three-quarters of covered workers were subject to three- or four-tier formulas.

# Average Prescription Copayments, by Drug Type, California, 2002–2010, Selected Years

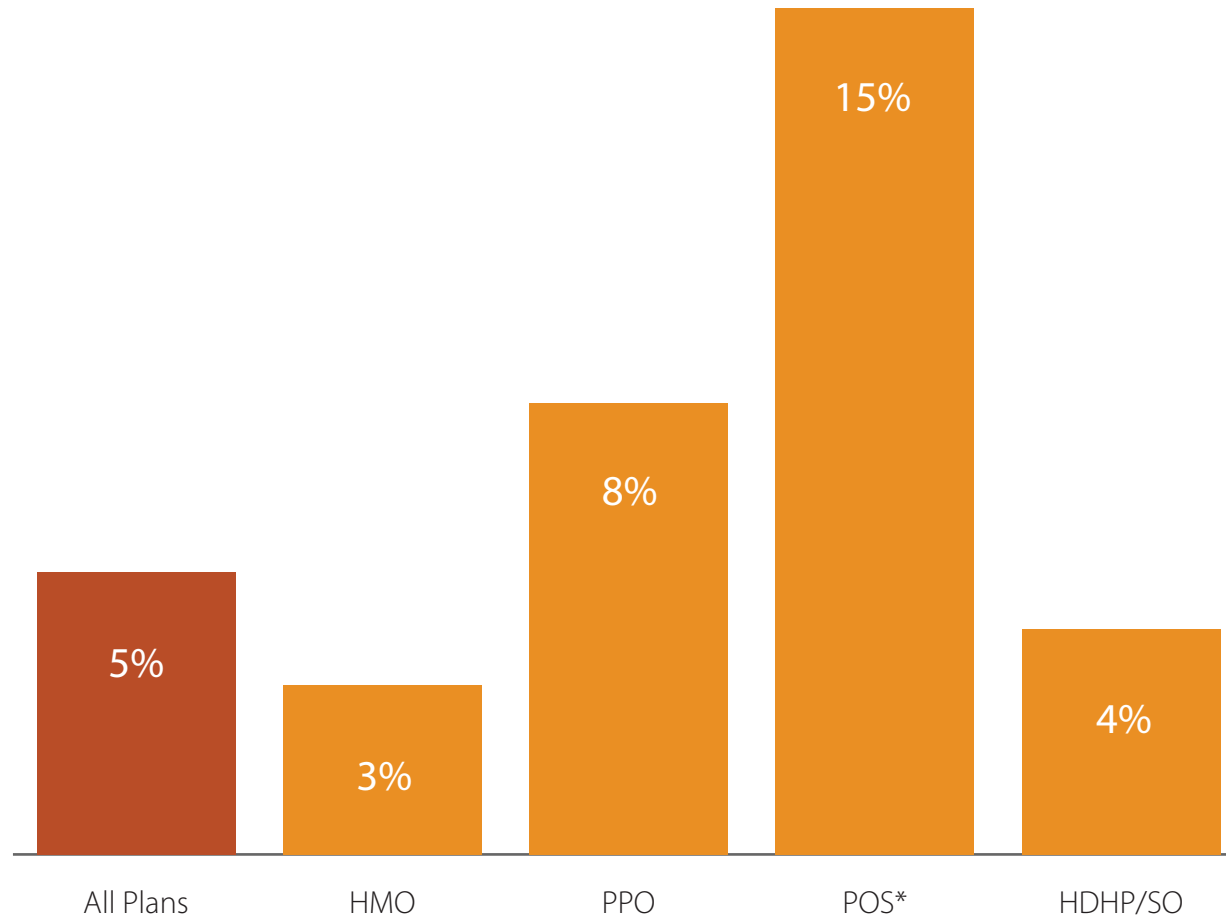


Average copayments for generic drugs are about one-half what they are for preferred drugs, and nearly one-fourth what they are for non-preferred drugs. Copayments for all three categories have steadily risen since 2002.

\*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HSC California Employer Health Benefits Survey: 2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002.

# Covered Workers with a Maximum Annual Benefit Limit, by Plan Type, California, 2010

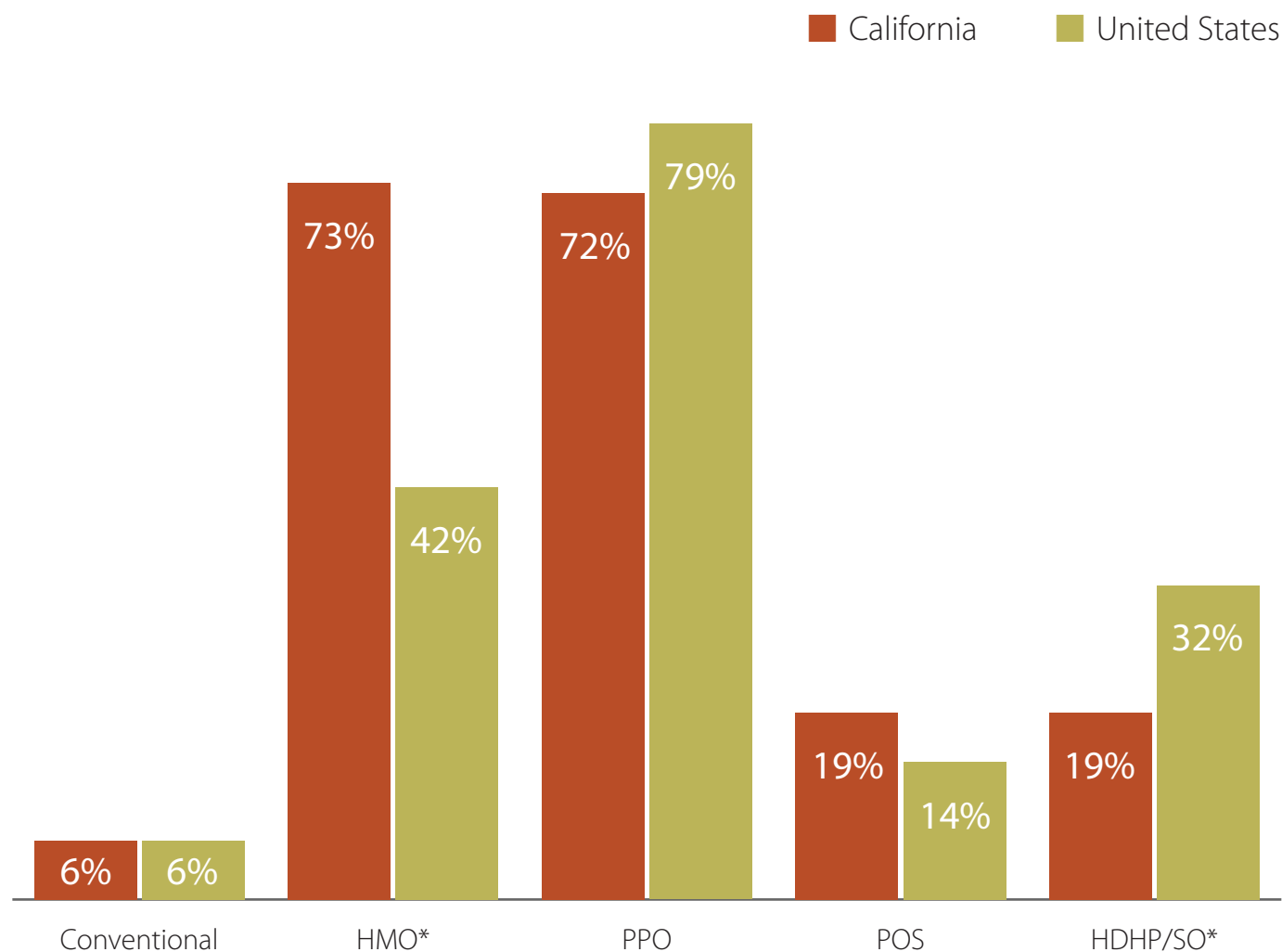


\*Statistical difference from All Plans.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

Five percent of California covered workers faced a maximum annual benefit limit in 2010. Among workers enrolled in a POS plan, 15 percent had a maximum annual benefit.

# Worker Choice of Health Plans, by Type, California vs. the United States, 2010



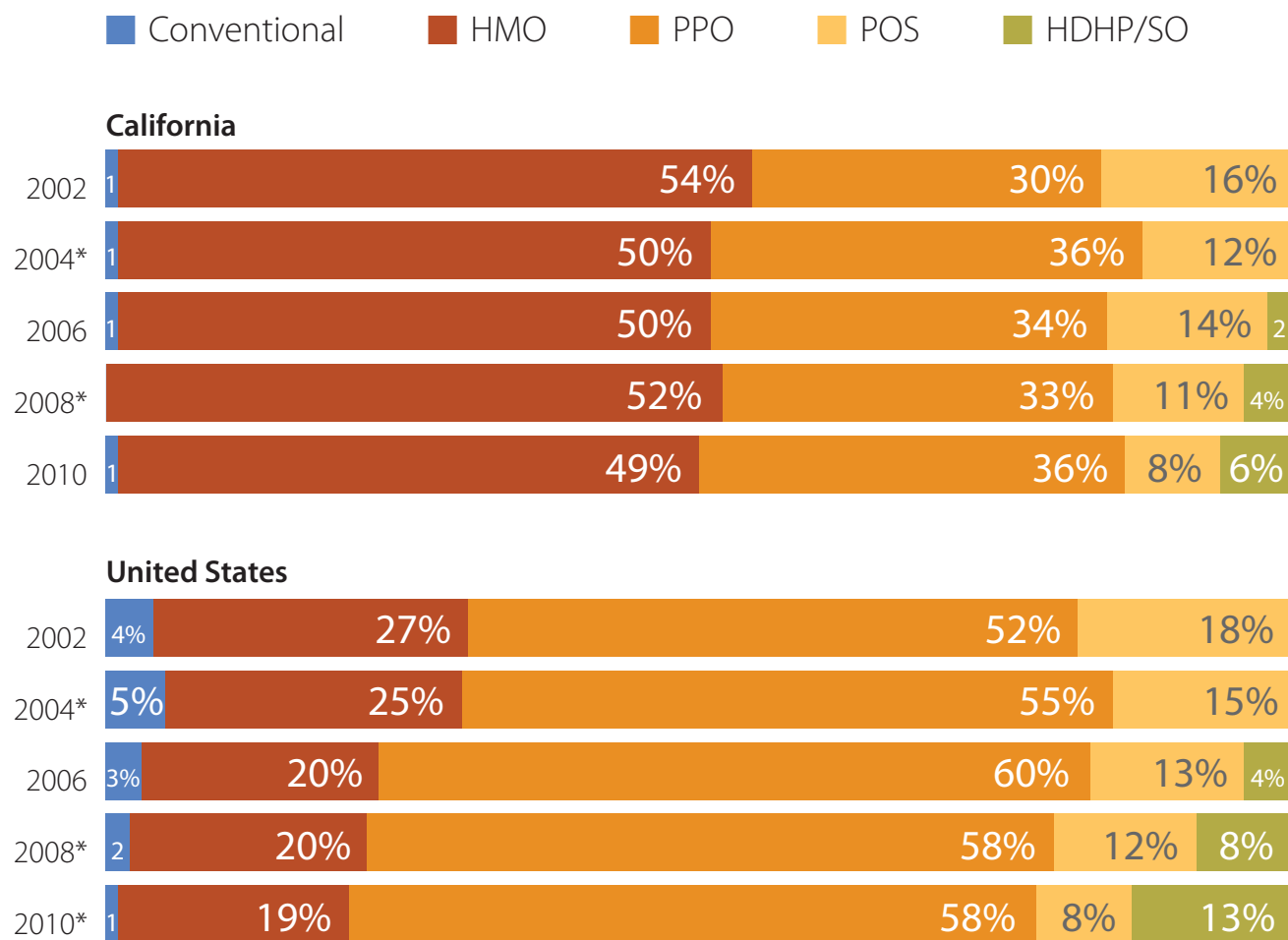
\*Statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

Seventy-three percent of covered California workers had an HMO option in 2010, compared to only 42 percent of covered workers nationally.

The share of California workers able to choose most other types of health plans is comparable to national figures.

# Enrollment of Covered Workers, by Plan Type, California vs. the United States, 2002–2010, Selected Years



\*Statistical difference from previous year shown.

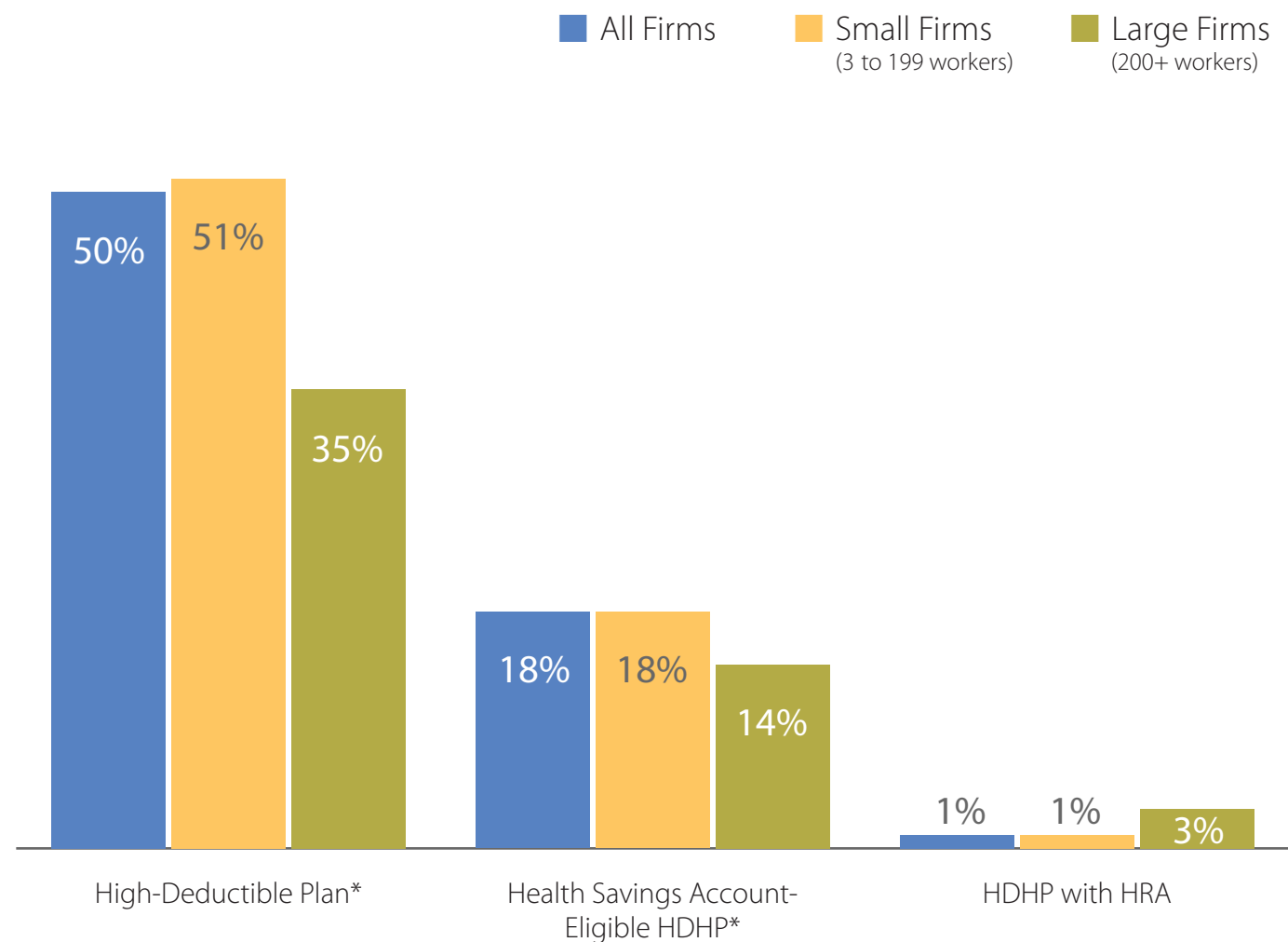
Notes: Conventional plan enrollment in California in 2008 was less than 1 percent. Due to the addition of HDHP in 2006, no test was conducted comparing 2006 with 2004.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2008, 2010. CHCF/HSC California Employer Health Benefits Survey: 2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002. Author calculation of data from the Kaiser/HRET Employer Health Benefits Survey: 2002, 2004, 2006, 2008, 2010.

California workers have been consistently more likely than workers nationally to enroll in HMOs. Conversely, PPOs are more popular nationally than in California.

Enrollment in high-deductible plans with a savings option in California has increased slightly since 2006.

# Firms Offering a High-Deductible Plan, by Firm Size, California, 2010



\*No statistical difference between Small Firms and Large Firms.

Note: High-deductible plans have a deductible of at least \$1,000 for single coverage, and at least \$2,000 for family coverage.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

Fifty-one percent of all California firms offered a high-deductible plan in 2010, compared to 40 percent in 2009 (not shown).

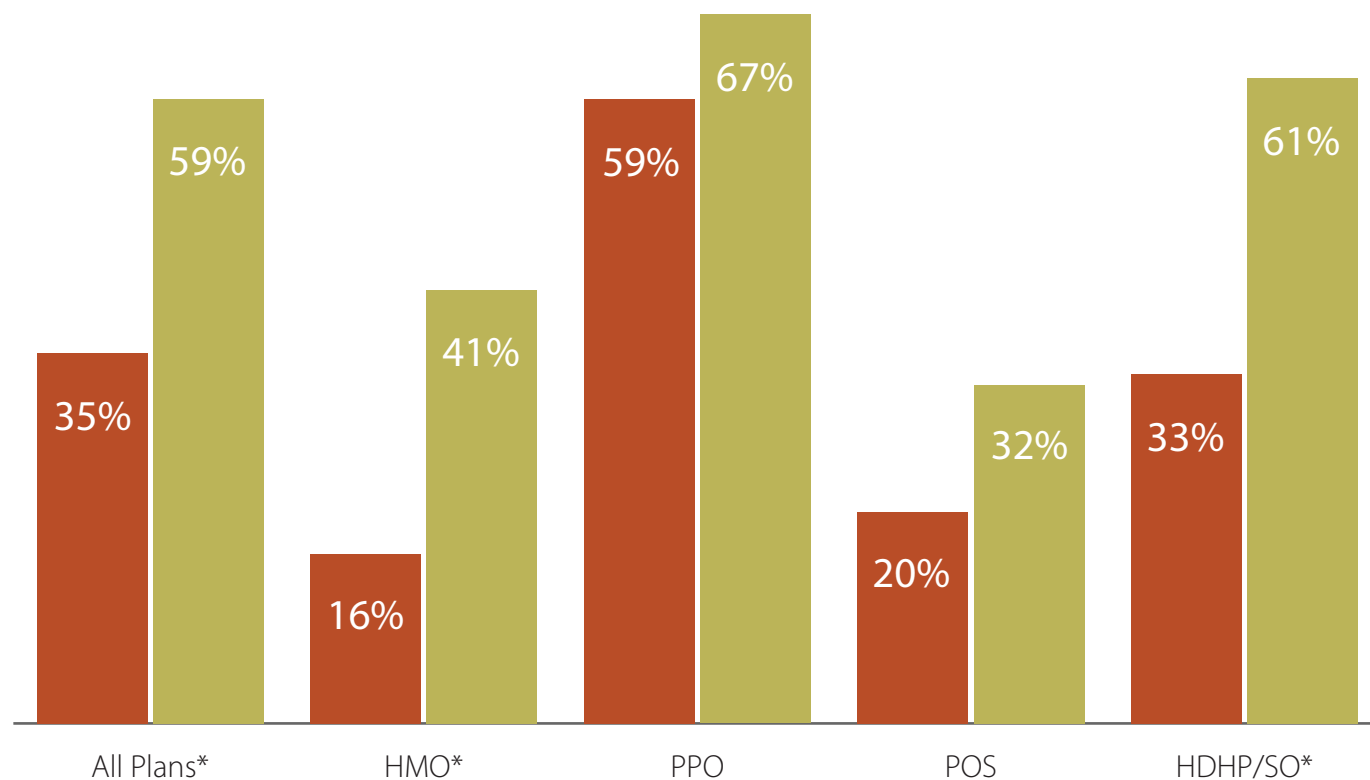
One percent of firms offered a high-deductible plan with an Health Reimbursement Arrangement (HRA), while 18 percent offered an HSA-eligible HDHP.



# Employees in Self-Insured Plans, by Plan Type, California vs. the United States, 2010

■ California

■ United States



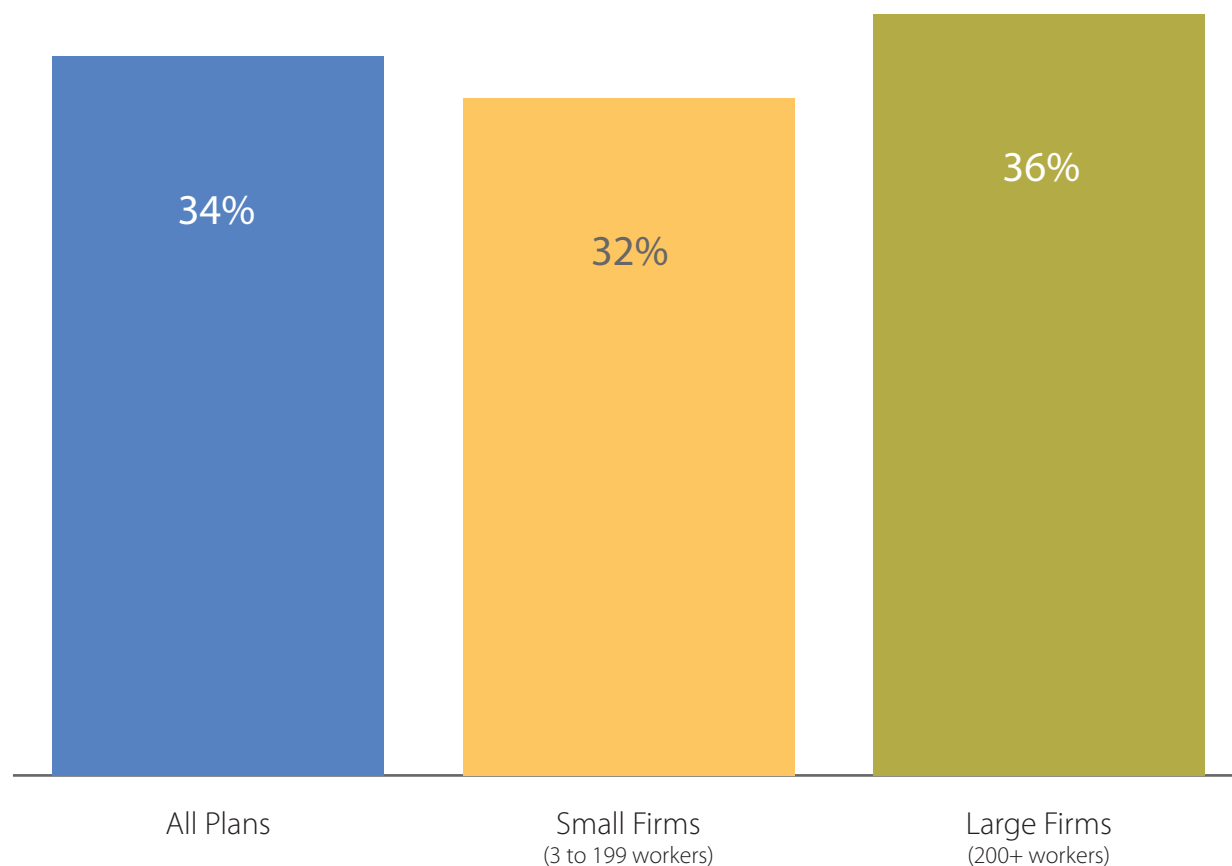
Thirty-five percent of Californians were enrolled in a partly or completely self-insured plan in 2010, compared with 59 percent nationally. The gap between the state and national figures is associated with California's high HMO enrollment, since HMOs are less likely than other plans to be self-insured.

\*Statistical difference between California and the United States.

Note: In a self-insured plan, the employer assumes responsibility for paying health care claims rather than buying coverage from an insurer.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2010.

# COBRA Coverage Take-Up Rate by Former Employees, by Firm Size,\* California, 2009



Thirty-four percent of former employees who were eligible for COBRA coverage in 2009 enrolled in it that year.

\*Tests found no statistically different estimates from all other firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

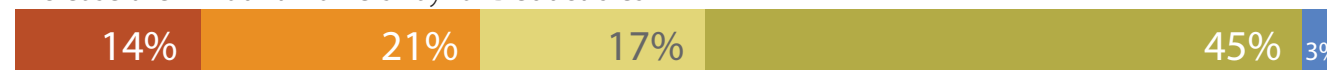
# Likelihood of Firms Making Changes in the Next Year, by Type of Change, California, 2010

Very Somewhat Not Too Not at All Don't Know

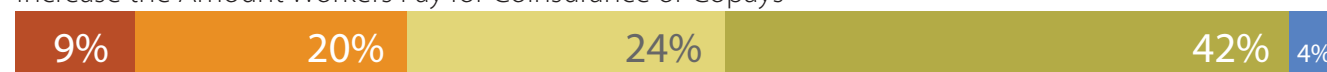
Increase the Amount Workers Pay for Premiums



Increase the Amount Workers Pay for Deductibles



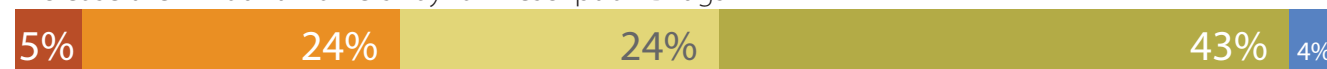
Increase the Amount Workers Pay for Coinsurance or Copays



Offer High-Deductible Plan with HRA



Increase the Amount Workers Pay for Prescription Drugs



Restrict Employee Eligibility for Coverage



Drop Coverage Entirely

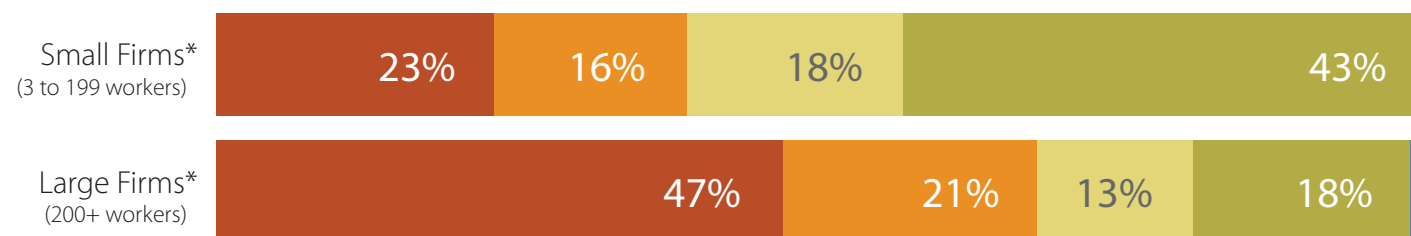


Four percent of California firms are “very likely” to drop coverage entirely in the coming year. Twenty-four percent said they are “very likely” to increase the amount employees pay for health insurance premiums in the coming year.

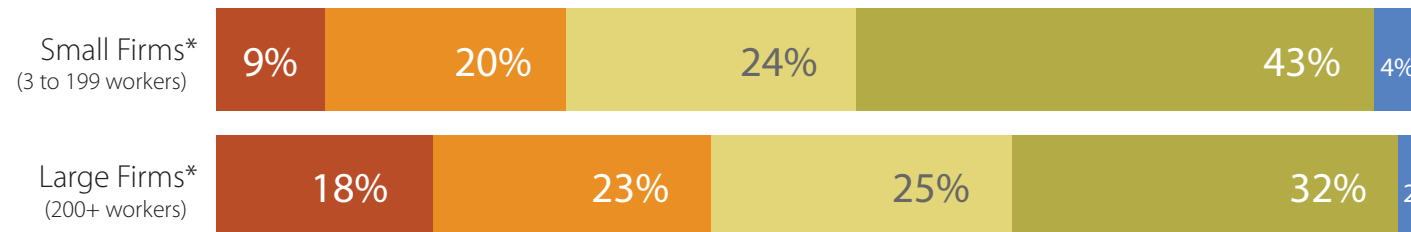
# Likelihood of Firms Making Select Changes in the Next Year, by Firm Size, California, 2010

## INCREASE THE AMOUNT EMPLOYEES PAY FOR...

### Premiums



### Coinsurance or Copays



■ Very
 ■ Somewhat
 ■ Not Too
 ■ Not at All
 ■ Don't Know

Forty-seven percent of large employers in California reported that they are “very likely” to increase the amount employees pay for health insurance premiums in the coming year, versus 23 percent of small firms.

\*Distribution is statistically different from all other firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Firms that Made Changes as a Result of Economic Downturn, by Firm Size and California Region, 2010

	REDUCED SCOPE OF HEALTH BENEFITS OR INCREASED COST SHARING	INCREASED WORKERS' SHARE OF PREMIUM
FIRM SIZE		
<b>All Small Firms</b> (3 to 199 workers)	<b>27%</b>	<b>11%*</b>
<b>All Large Firms</b> (200 or more workers)	<b>36%</b>	<b>34%*</b>
• 200 to 999 workers	35%	32%*
• 1,000 or more workers	38%*	38%*
REGION		
Los Angeles	30%	12%
San Francisco	14%*	11%
Rest of State	31%	12%
<b>All Firms</b>	<b>28%</b>	<b>12%</b>

Twenty-eight percent of California firms reduced either the scope of benefits or increased cost sharing in response to the economic downturn, compared with just 15 percent in 2009 (not shown). Twelve percent increased workers' share of the premium.

\*Distribution is statistically different from all other firms.

Note: Los Angeles and San Francisco are defined as the metropolitan statistical area (MSA).

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Firms Inviting Workers to Complete a Health Risk Appraisal, and Percent Offering a Financial Incentive, by Firm Size, 2010



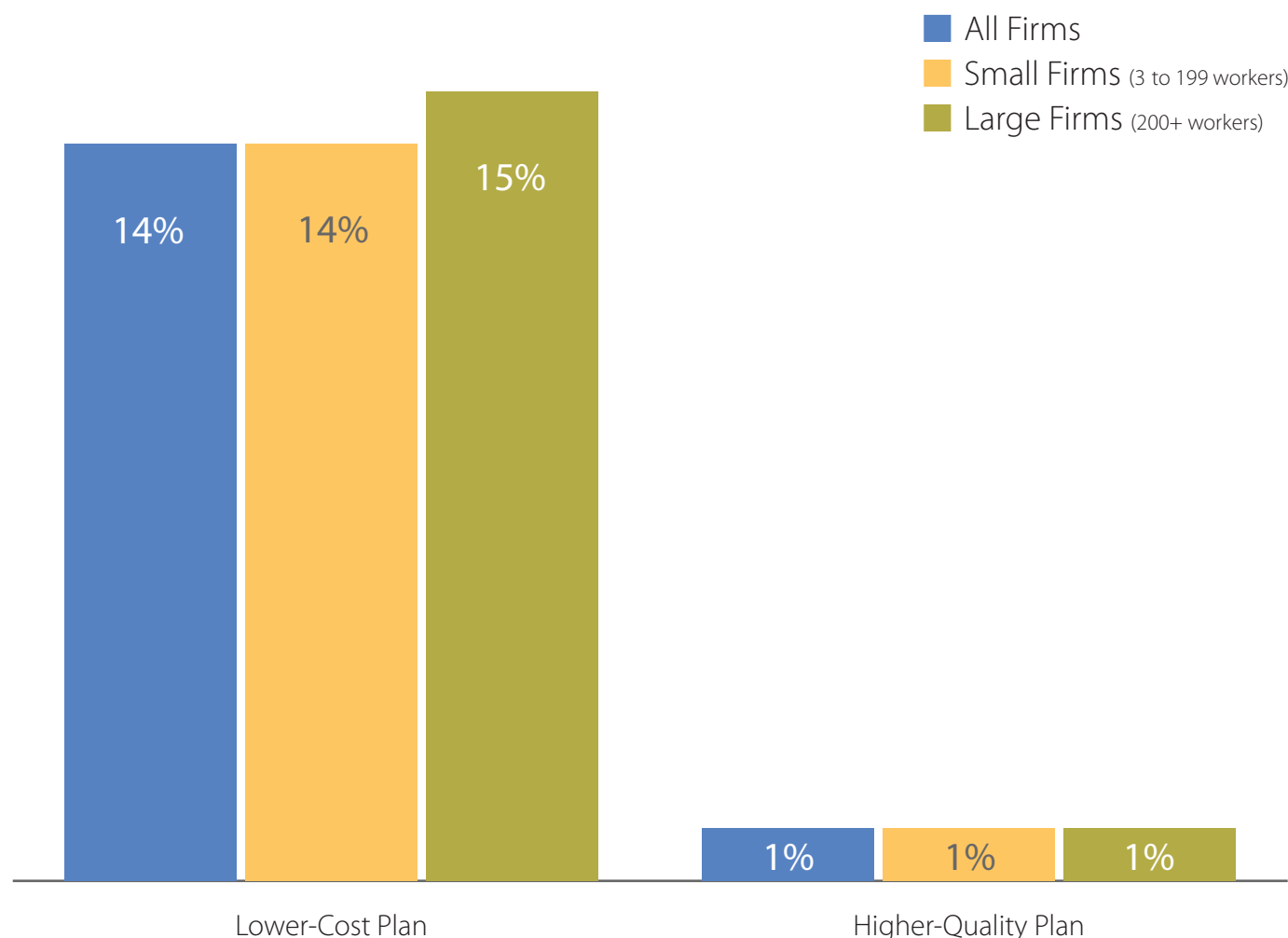
Fifteen percent of California firms invited workers to complete a health risk appraisal or assessment in 2010, with large firms being significantly more likely to do so. Nineteen percent offered a financial incentive.

\*Statistical difference between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

# Financial Incentive to Enroll in Lower-Cost or Higher-Quality Health Plans, by Firm Size,\* California, 2010

FIRMS OFFERING FINANCIAL INCENTIVE TO ENROLL IN...



Fourteen percent of California firms offered a financial incentive to employees to enroll in a lower-cost plan. Only 1 percent offered a financial incentive to enroll in higher-quality plans.

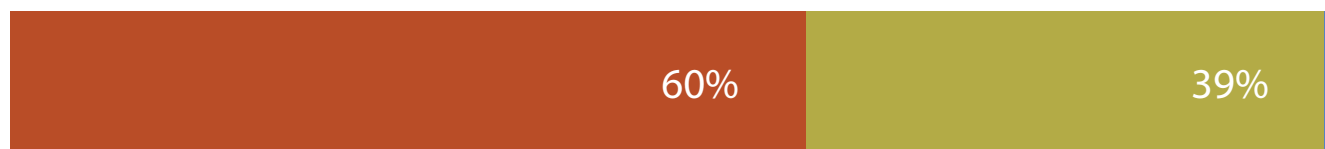
\*No statistical difference between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

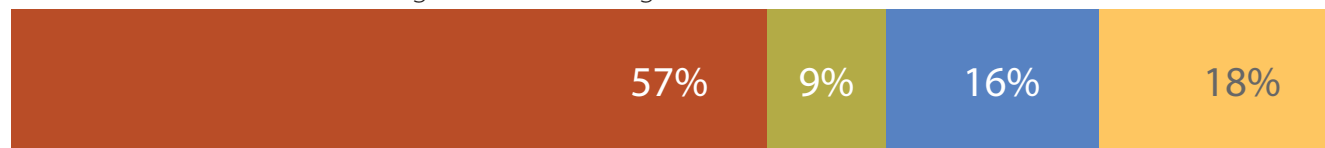
# Small Firm Awareness of and Intention to Take Advantage of Tax Credit to Offset Premium Contributions, California, 2010

■ Yes ■ No ■ Don't Know ■ Firm Not Eligible

Aware of Tax Credit Provisions



Aware of Provision, and Planning to Take Advantage of Tax Credit

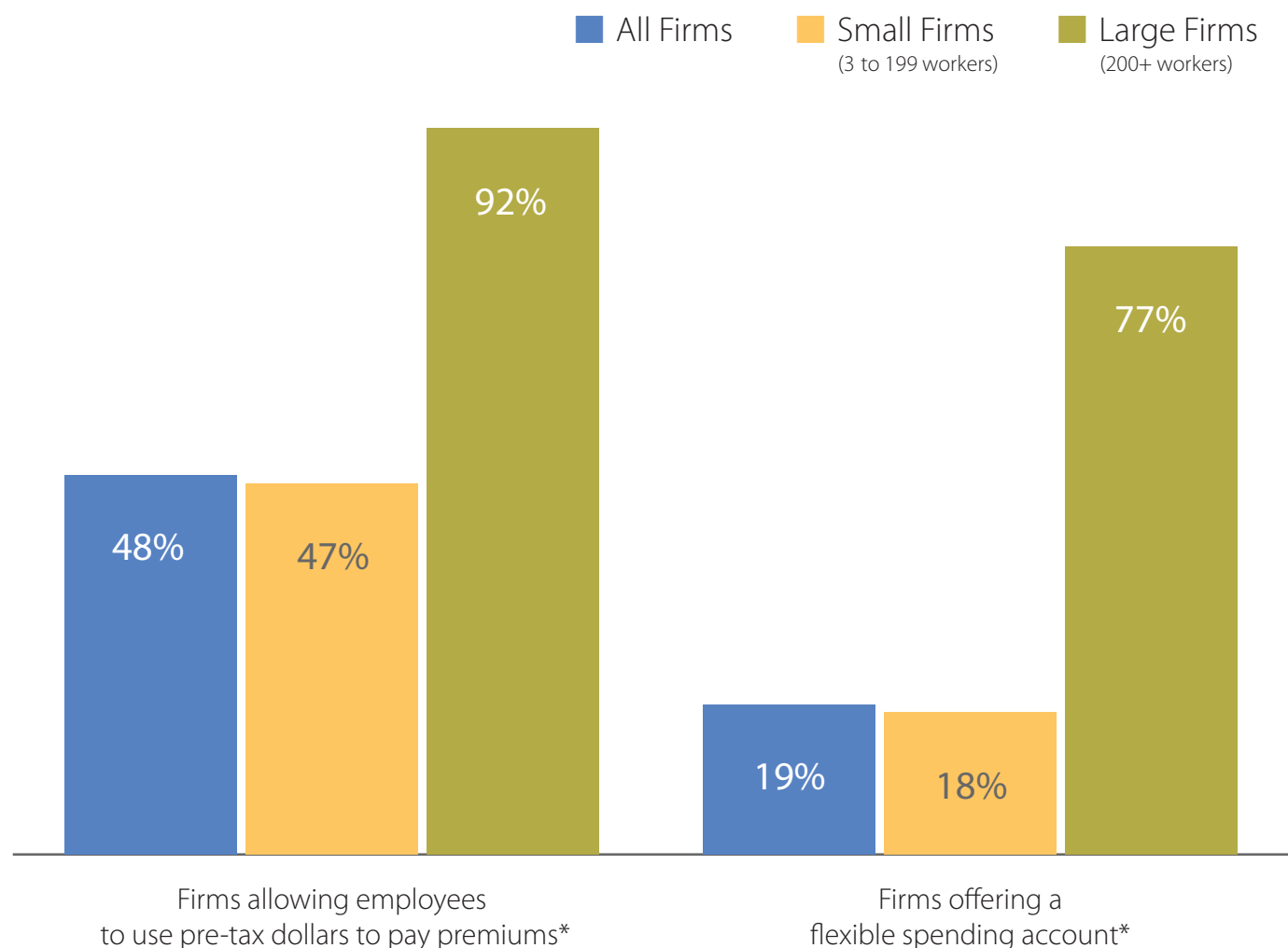


Sixty percent of California firms with fewer than 25 workers that offer health benefits are aware of the health care reform provision regarding small-employer eligibility for tax credits to offset firms' premium contributions.

Fifty-seven percent of those firms plan on taking advantage of the tax credit.



# Firms Allowing Employees to Use Pre-Tax Dollars to Pay Premiums or Offering a Flexible Spending Account, by Firm Size, 2010



\*Statistical difference between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2010.

Almost half of California firms allow employees to use pre-tax dollars to pay for insurance premiums. Nineteen percent offer a flexible spending account.

Large firms are significantly more likely than small ones to allow the use of pre-tax dollars and to offer a flexible spending account.

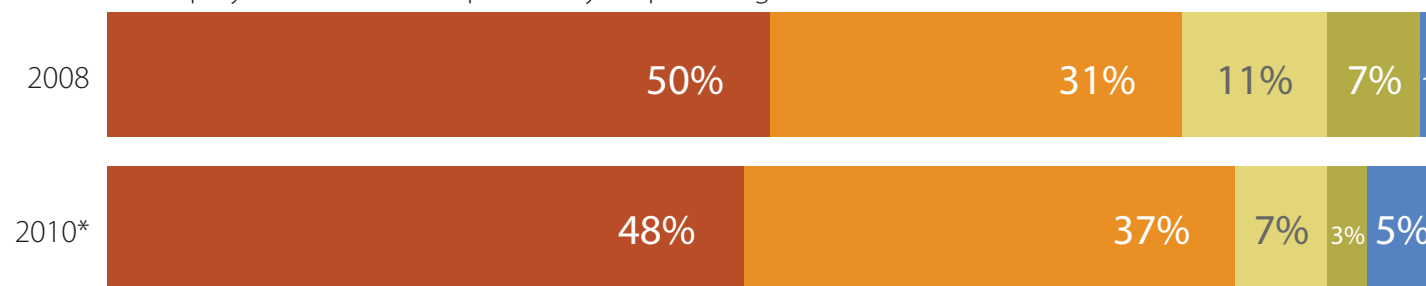
# Employer Opinions on Responsibility for Providing or Obtaining Health Insurance, California, 2008 and 2010

Eighty-five percent of California employers in 2010 strongly or somewhat agree that employers bear some responsibility to provide health benefits, up from 81 percent in 2008.

Eighty-two percent of employers in 2010 strongly or somewhat agree that individuals bear some responsibility for buying health insurance, up from 64 percent in 2008.

■ Strongly Agree      ■ Somewhat Agree      ■ Somewhat Disagree  
■ Strongly Disagree      ■ Don't Know

All employers bear some responsibility for providing health benefits to their workers.



All individuals bear some responsibility for buying health insurance, if their income is above the poverty level.



\*Statistical difference from previous year shown.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2008, 2010.

# Methodology

The *California Employer Health Benefits Survey* is a joint product of the California HealthCare Foundation (CHCF) and the National Opinion Research Center (NORC). The survey was designed and analyzed by researchers at NORC, and administered by National Research LLC (NR). The findings are based on a random sample of 805 interviews with employee benefit managers in private firms in California. NR conducted interviews from April to July 2010. As with prior years, the sample of firms was drawn from the Dun & Bradstreet list of private employers with three or more workers. The margin of error for responses among all employers is +/- 3.5 percent; for responses among employers with 3 to 199 workers is +/- 4.7 percent; and among employers with 200 or more workers is +/- 5.2 percent. Some exhibits do not sum to 100 percent due to rounding effects.

The Kaiser Family Foundation (KFF) sponsored this survey of California employers from 2000 to 2003. A similar employer survey was also conducted in 1999 in California, in conjunction with the Center for Health and Public Policy Studies at the University of California, Berkeley. The Health Research and Educational Trust (HRET) collaborated on these surveys from 1999 to 2004. The Center for Studying Health System Change collaborated on these surveys from 2005 to 2006.

This survey instrument is similar to a national employer survey conducted annually by the Kaiser Family Foundation and HRET. The U.S. results in this study are either from the 2010 Kaiser/HRET Survey of Employer Health Benefits report, or from author calculations from the survey's public use files. A full analysis of the U.S. dataset is available at [www.chcf.org](http://www.chcf.org) and at [www.kff.org](http://www.kff.org). Both the California and U.S. surveys asked questions about: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Point-of-Service (POS) plans, and High-Deductible Health Plan with a Savings Option (HDP). Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they comprise such a small share of the California market.

Many variables with missing information were identified as needing complete information within the database. To control for item non-

response bias, missing values within these variables were imputed using a hot-deck approach. Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a survey non-response adjustment. Next, the weights are trimmed in order to reduce the influence of weight outliers. Finally, a post-stratification adjustment is applied.

All statistical tests in this chart pack compare either changes over time, a plan specific estimate with an overall estimate, or subcategories versus all other firms (e.g. firms with 3 to 9 workers vs. all other firms). Tests include t-tests and chi-square tests and significance was determined at  $p < 0.05$  level. Due to the complex nature of the design, standard errors are calculated in SUDAAN.

**An important note about the methodology:** Rates of change for total premiums, for worker or employer contributions to premiums, and other variables calculated by comparing dollar values in this report to data reported in past CHCF or KFF publications should be used with caution, due to both the survey's sampling design and the way in which plan information is collected. Rates calculated in this fashion not only reflect a change in the dollar values but also a change in enrollment distribution, thus creating a variable enrollment estimate. However, rates of change in premiums are collected directly as a question in the California survey. This rate of change holds enrollment constant between the current year and the previous year thus creating a fixed enrollment estimate. Because the survey does not collect information on the rate of change in other variables, additional rates are not reported. The national survey conducted by Kaiser/HRET, however, stopped collecting directly rates of change in premiums in its 2008 survey. Therefore, the rate of change in total premiums in the United States provided in this report uses a variable enrollment estimate.

Please note that due to a change in the post-stratification methods applied in 2003, the survey data published in this chart book may vary slightly from reports published prior to 2003.

## FOR MORE INFORMATION



CALIFORNIA  
HEALTHCARE  
FOUNDATION

California HealthCare Foundation  
1438 Webster Street, Suite 400  
Oakland, CA 94612  
510.238.1040  
[www.chcf.org](http://www.chcf.org)

## NORC

National Opinion Research Center  
4350 East West Highway Suite 800  
Bethesda, MD 20814  
301.634.9300  
[www.norc.org](http://www.norc.org)